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**PAY-PER-CLICK ADVERTISING FOR ATTRACTING NEW
CUSTOMERS: GOOGLE ADS VS. FACEBOOK ADS. THE CASE
OF BROSCO**

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I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading.

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ABSTRACT

Nowadays, Pay-per-click (PPC) advertising on search engines like Google and social media like Facebook is one of the most popular and cost-effective forms of online marketing. PPC advertising is a form of online marketing in which an advertiser pays a fee when a user clicks on the ad. The aim of this study is to design an advertising campaign for Brosco on Google and Facebook advertising platforms and to compare the results in terms of their potential of attracting new customers on the first stages of business development. For this aim, the researcher designs a case study in the form of an online marketing campaign on Google and Facebook for newly established Brosco advertising agency and performs interviews with more mature companies to capture a wider context of Pay-per-click advertising.

The thesis concludes with how different platforms succeed in terms of reaching potential target groups and analyses clicking behavior. Facebook resulted to be more powerful in generating reach and brand awareness, while Google managed to show ads to highly relevant users that had a greater likelihood to generate leads and consequently sales. The data produced by the online ad campaigns will be used as a basis for future advertising campaigns for Brosco.

Keywords: PPC advertising, Search Engine Marketing, Social Media Advertising, Facebook Advertising, Google Advertising.

LIST OF ABBREVIATIONS

AI - Artificial Intelligence

IMC - Integrated Marketing Communication

MAU - Monthly Unique Users

CPA - Cost Per Action

CPC - Cost Per Click

CPM - Cost Per Mile

CR - Conversion Rate

CRM - Customer Relationship Management

CTA - Call to Action

CTR - Click Through Rate

GEO - Geography of market

PPC - Pay Per Click

ROI - Return on Investment

SEM - Search Engine Marketing

SERP - Search engine results pages

SMEs - Small or Medium-size businesses

SMM - Social Media Marketing

UI - User Interface

URL - Uniform Resource Locator

UX - User experience

INTRODUCTION

“It is clear that the digital age has changed paradigms of marketing, and advertising practices have evolved becoming more dynamic and extremely interactive. We are at the inflection point of conscious-consumer behaviour, where Google and Facebook reign over the digital ad industry, and where artificial intelligence (AI) has revolutionised the way businesses and marketers operate” (Ardourel 2016, 5).

In today’s world, more than ever before, businesses of all sizes and industries are affected by the rapid pace of digital changes. Every day hundreds of new brands arise around the world. As they become too many it’s getting more and more complicated for small and medium sized companies to survive in this ambiguous, highly competitive online environment reinforced by information overload. In order to succeed in this digital age, companies need an extremely high degree of adaptability and innovation, especially when it applies to young companies on early stages of development.

Design of an advertising strategy is undoubtedly a vital part of a company’s marketing plan. In this context, the online advertising industry is undergoing rapid and major changes, breaking down the barriers of push-pull techniques towards highly personalised trust-based advertising messages through numerous channels and devices used by the customers (Ardourel 2016, 5). The knowledge of what consumers do and want in the moment of decision-making is crucial for developing effective advertising campaigns.

At the moment, PPC advertising is one of the most effective, convenient and quick methods to promote brands of different sizes and degrees of recognisability (Kapoor 2016). PPC advertising on social networks such as Facebook and search engines such as Google allow advertisers to target specifically people who are searching or might be interested in a particular product or service. This has led many advertisers to integrate PPC strategies in their everyday marketing activities and increased the interest in researching the concept of PPC advertising. When using the PPC model, advertisers are able to access the relevant performance metrics such as the number of people clicked on the ad, Cost per Click (CPC), Click Through Rate (CTR) and Conversion Rate (CR). The insights obtained from these metrics can substantially assist

advertisers and marketers to better design their ad campaigns, and apply greater optimisation (Kapoor 2016).

However, persistent development of PPC advertising and variety of its tools has created a knowledge gap that has reinforced the interest of the research. In other words, marketers and researchers lack the implications that can guide them towards a better understanding of how to use different PPC channels and how to exert better control over their potential customers' decision-making in favour of the company's objectives.

The number of previously conducted studies on the topic of effectiveness of Google and Facebook advertising have generated inconsistent results that are not able to conclude in favour of one of these platforms (Cabiles 2018, Khaim, Alkarableiah 2015, Za, Tricahyadinata 2017, Curram 2011, Jansen, Mullen 2008, Reich 2014, Hsu, Bailey 2015, Gavilanes 2016). Additionally, most of the literature and studies conducted previously have become outdated due to the recent changes in Google Ads (Google Ads Help 2019b) and Facebook ads serving logic. As a result, new analysis and deeper research are needed.

The aim of this study is to design an advertising campaign for Google and Facebook and to compare the results in terms of attracting new customers on the first stages of business development.

Research questions:

1. What are the steps for creating an efficient and successful PPC campaign?
2. What goals can be achieved by using PPC advertising on Facebook and Google?
3. Which platform (Google or Facebook) is more efficient in attracting new customers?

The methodological background used in this study consists of a mixed research method (Schoonenboom, Johnson 2017). A case study of Brosco digital agency, a company in its early stages of development, is conducted in the form of designing and conducting an online advertising campaign on Google and Facebook. First, quantitative data analysis consists of analysing the metrics obtained from Google and Facebook with frequency distributions. Second, qualitative research methods are used, namely interviews with representatives of more mature

companies to capture the wider context of pay-per-click advertising. The given methods were chosen as the best ones matching the thesis aim and the research questions.

This thesis is structured as follows. Chapter I provides a review of the literature and the research articles previously written on the topic of Online Advertising, PPC marketing, specifically on Google and Facebook. Chapter II describes the methodological background used in the thesis and provides the company overview for Brosco. Chapter III is devoted to PPC campaigns' creation on Google and Facebook. Second part of this chapter is dedicated to the results, discussion of the online campaign testing and implications for Brosco.

1. LITERATURE REVIEW

In this chapter, the author is describing the concept of PPC advertising. First, the notion of online advertising is discussed as a broader context for PPC advertising. Then the concept of PPC advertising is introduced, and the previous studies on this topic are reviewed. After that, the following sections will review search engine marketing and social media marketing as tools of PPC advertising. Afterwards, the comparison of Google Ads and Facebook Ads is conducted, highlighting the main differences of these PPC platforms. Later, these differences are taken into account when planning and running a PPC marketing campaign. The last part of the chapter focuses on current challenges in PPC advertising.

1.1 Online advertising

According to eMarketer's latest forecast, in 2019, global digital ad spending is predicted to rise by 17.6% to \$333.25 billion. First time in history, online advertising will account for more than half of the overall ad market and will exceed traditional ad spending. By 2023, digital will be able to reach around two-thirds of total ad spending (Enberg 2019)

Online advertising, also known as digital advertising or online marketing is a form of marketing which represents the process of connecting advertisers with their target audiences across digital channels (Malik 2017). Thanks to the vast amounts of personal data that users enter voluntarily to their social networks' profiles, online advertising tools allow brands to target their potential customers by specific attributes like demographics, behavior, psychographics, and more. Not only can advertisers target precise categories of users, they can also target specific devices and time of the day when the most purchases are made (Horbal 2017).

With regards to the goals that are possible to achieve with online advertising, it is important to take into account the stage of business development which is closely connected to the sales funnel. Thus, it is possible to distinguish three types of goals:

1. **Awareness.** Within this category of goals it is possible to distinguish between **brand awareness** which is focused on increasing people's awareness of the advertiser's business, brand or service and **reach** that shows an advertiser's ad to as many people as possible in its target audience (Facebook Business 2019a). These types of goals are very common when the new company is exploring the market or promoting a new product.
2. **Consideration** which has the main goal to make people think about the advertiser's business and search for more information (Facebook Business 2019a). The ads of this type should demonstrate unique selling points to encourage consideration against competitors. Within this category it's possible to specify subgoals e.g. driving traffic to advertisers website, engagement (clicks, likes, shares, etc.), post/video views, and more.
3. **Conversion.** This is a set of objectives that increase potentially existing customers' interest in advertiser product or service. Within this category it's possible to choose between traditional conversions such as sales, installs, catalogue sales that redirect a potential customer to e-commerce store's catalogue or offline store traffic that is designed in order to promote offline business to people who are located nearby (Facebook Business 2019a).

According to Minculete, Search Engine Marketing, Social Media Marketing, Email Marketing, and Display Advertising are the main digital marketing channels of the present times (Minculete 2018). These online marketing channels are shortly introduced in the following paragraph.

Search engine marketing is designed to reach visitors by placing ads of interest in search engines like Google, Bing and Yandex (Minculete 2018). *Social media marketing* is regarded as a commercial promotion of products or services through social media networks (Malik 2017). *Email marketing* is based on receiving ads via electronic promotional letters. Nowadays companies send emails containing information about particular upcoming sales, new collections or events (Horbal 2017). *Display advertising* is where businesses use banner ads by placing them on a third-party websites to drive traffic and increase product awareness for a company's own website (Rajalakshmi 2017).

While all of these online marketing channels have their strong presence and impact, this study is interested in one advertising model mainly referred to the concept of search engines and social networks, *pay-per-click advertising* (PPC). In more detail the concept of PPC advertising will be discussed in the following subchapters.

1.2 Pay-Per-Click Advertising

PPC advertising has been universally proclaimed as the main revenue model of online advertising, that allows advertisers to easily run and measure inexpensive and highly targeted ads. Those unique characteristics have played a key role in its global success (Kapoor 2016). PPC is a digital marketing strategy adopted by search engines and social networks whereby the advertiser pays only when the user clicks on the ad. This type of advertising model is also referred to as *cost-per-click advertising* (CPC).

The key characteristics of PPC advertising include:

1. Cost effective - advertiser only pays when a user actually clicks on the ad and reaches the landing page of the website. In the case of PPC, there is no minimum or maximum amount required that advertiser has to pay per click.
2. Highly targeted - for PPC ads one can choose the target audience according to demographics like location, language, age, gender, device, etc. (Cabiles 2018).
3. Measurable - PPC campaigns are made to carefully measure effectiveness. Given the results of the advertising campaign, the advertiser is able to determine exactly how much return on investment (ROI) he is getting (Doyle 2017).
4. Customisable - meanwhile advertiser runs an ad, it is possible to make small adjustments in order to optimise the campaign based on what works best.
5. Relatively fast - one of the biggest advantages of PPC advertising is that it is possible to see the results of your PPC efforts almost immediately (Szymanski 2018)

The development of the concept of PPC advertising has undergone several changes. For instance, Jansen and Schusten (2011) in their research consider PPC advertising synonymous with *search engine advertising* and *paid search* and use them interchangeably. They describe PPC as an effective medium of search engines like Google for promoting products and services by placing

them on pages resulting from keyword searches. They also refer to PPC advertising as an equivalent of *keyword advertising*, and regard it as the most prevailing advertising tool of sponsored search (Jansen, Schuster 2011).

However, nowadays PPC advertising is not considered only SEM phenomenon, but includes three main channels: Paid Search (e.g. Google, Bing, Yahoo, Yandex), Paid Social (Facebook, Instagram, VK) and Display advertising (PPC ads on websites related to the brand's products or services as well as the interests of its target audience). Accordingly, the key change of PPC advertising has broadened its concept from paid search to PPC advertising on search, social networks and display (Cardona 2018).

Szymansky (2018) provides with the most current definition of PPC advertising model and defines it as a small, usually text-based, advertising form charged when a user clicks on the ad creative. In regards to the most important parameters, which determine the effectiveness of PPC campaign, he emphasizes the importance of such key metrics as CR, CTR and CPC (Szymanski 2018).

At the moment, Google and Facebook are the major players in the PPC advertising industry and claim half of all ad revenue worldwide (Enberg 2019). While they are both PPC advertising platforms, each of them works slightly differently. The key difference between these two platforms is that Google belongs to search engines and Facebook is the social network. Consequently, Google Ads are considered paid search ads that are displayed in Google's search results. Ads that are placed on Facebook, however, are considered paid social ads which are displayed in users' social media feed. This dissimilarity affects the targeting options, placements and the way in which the ads are shown to the end user. For instance, the Google Ads target specific keywords and places the ad campaign on the top of results in Google searches, whereas Facebook Ads displays its campaigns in social feeds, instant articles, stories etc. that are targeted by using demographic interest and behavioral information. Each platform serves to achieve different goals from gaining reach and building brand awareness to driving leads and sales. Unfortunately, there are still many advertisers that aren't taking advantage of these

advertising channels. In the following subsections the researcher will analyse these platforms in more detail.

1.3 Search Engine Marketing and Google advertising

Today, one of the most popular forms of online marketing is advertising on search engines or so-called Search Engine Marketing (SEM). SEM is a form of online marketing that companies use to advertise their products and services on search engine results pages (SERPs) (Jansen, Schuster 2011).

Google Ads (previously known as Google AdWords) is one of the best advertising options based on SEM also known as paid search. Google remains the major online ad provider worldwide in 2019, accounting for 31.1% of global ad spend, or \$103.73 billion (Enberg 2019).

Every day around 3.5 billion searches on Google are made (Sullivan 2016), where an average user makes roughly 3–4 searches. That's why Google Ads are a powerful way to show extremely targeted ads to people who search for similar products or services.

When using Google Ads, advertisers pay to create and display online ad campaigns to reach people exactly when they're interested in the products and services that advertiser offers (Google Ads Help, 2019c). Within Google's PPC platform advertisers select the words that will trigger their ad and pay a fee only when the ad is displayed and clicked by a searcher. The unique pricing model guarantees that an advertiser's message is not only displayed to the user, but that the advertiser only charged when the user arrives at the advertiser's website (Curran 2011).

Precisely speaking, Google Ads is made as a self-service portal for online campaign management where all targeting and budget options are highly customisable. Online ads can be shown in the form of brief online advertisements, service offerings, product listings, video content, and generate mobile application installs within the Google ad network to the users (Figure 1) (Google Ads Help 2019a).

Advertise my business online | We help you build your new ads
(Ad) www.cobiro.com/digital/marketing
 Leading marketing platform for SMBs that creates and manages your ads for free. Join more than 50,000 customers who currently manage ads better. Try our free service. Free PPC Management Tool. Create must-click ads. Empower Small Businesses.

Google CSS for EU
 Save up to 20% on your shopping campaigns if you are based in EU.

Career
 Seeking a career in Cobiro? View our open positions.

7 Ways To Promote Your Business Online For Free
<https://www.americanexpress.com> › [business](#) › [trends-and-insights](#) › [articles](#)
 Aug 1, 2011 - Want to Dig Deeper? Rick Graves · online marketing · Marketing & Sales · Email Marketing · Finding New Customers · Advertising. Twitter Icon.
[7 Excellent Ways to Attract ...](#) · [Promote your business](#) · [Getting Customers](#)

People also ask

- Where can I advertise my business?
- How can I advertise my company?
- Where can I advertise my business for free?
- How do I market my small business?

Feedback

Figure 1. Google Ads and Organic search examples
 Source: Google.com

Due to the recent changes made on July 24, 2018, Google has changed ad serving logic and rebranded Google Adwords to Google Ads. Previously (before July 24, 2018), Google Adwords had the same mechanism as the other search engines: user had to input the keywords into the search engine, hence the search engine returned the user to the list of related websites that included sponsored links (paid ads) on the top and the side of the list. Thanks to this two-way interaction, search advertising on Google was highly relevant to the user, hence, increased his/her motivation to engage with the ads (Rapport 2007). However, Google AdWords service was mainly focused on keywords and consequently associated and limited only with search (Gavilanes 2016). Having additional channels gathered into the same platform has been confusing for advertisers. Most of them didn't know that their video, banner, and search creative are all served from the same platform. Additionally, by detaching "words" from the name of its growing ad platform, Google has started the process of shifting advertiser perception away from keyword intent towards audience-centered viewpoint (Finn 2018).

This substantial shift has led Google Ads to take a holistic approach to online advertising, precisely, investing in channels that don't directly result in conversions, more attractive for many small businesses. As a result, marketers have more opportunities to reach consumers not only on search engines, but across various channels (Google partner websites and apps such as YouTube, Google Maps, and Google Play), screens and formats (Ramaswamy 2018).

There is a range of studies focused on the effectiveness of Google Ads, concluded with contradicting results. On one hand, there are proven studies, concluding in favour of Google Ads. For example, Khaim and Alkarableiah (2105) in their research of effectiveness of Google Ads on E-marketing companies in Jordan show that there a statistically significant effect of using PPC ads on Google in attracting customers online, which in its turn result in attracting more visitors and increasing traffic on the company's website. Another result presented by their research is that PPC advertising on Google contributes to lead generation, hence, increased profits and ROI (Khaim, Alkarableiah 2015). Another qualitative study focused on Google Ads success cases conducted by Za and Tricahyadinata concluded that the majority of e-commerce advertisers who used Google Ads received rapid increase in new customers and sales rates (Za, Tricahyadinata 2017).

From another side, there are studies, contradicting the previous statements, as shown in the studies of Curram and Graham where they consider advertising on Google too restrictive to the keywords the advertiser uses, which is often unreliable and untargeted when a company tries to reach broader market by using slightly less targeted keywords that do not directly reflect the message the ad is delivering (Curram 2011). In another research, Jansen and Mullen (2018) state when searchers recognise sponsored links on Google, they tend to find them less relevant and untrustworthy that affects the effectiveness of the Google Ads.

1.4 Social Media Marketing and Facebook advertising

Social Media Marketing (SMM) is another vital part of online marketing. It has become quite important in recent years and now represents an essential element of any company's Integrated Marketing Communication (IMC) program and acts as a hybrid component of its promotional mix (Qazi 2018).

Advertisers take advantage of social networks in order to achieve different goals such as gaining new customers, keeping in touch with current customers and promoting new products, sales and events as well as creating overall high-quality brand awareness that is specific to advertiser's company or brand. There are many various features on each social network that can be used to promote a business or product. Advertisers can post links, videos, pictures, fan pages, groups and ads that can reach numerous users in a short time (Curram 2011).

On the top of this, brands can create generic pages similar to ones that normal users have. Once the page is created, "fans" can be added in hope that they can also bring their connections and engage with the ads via "word of mouth" promotion (Curram 2011). The vivid example of this is Facebook - the largest and most influential social network worldwide.

At the moment, Facebook is ranked as the third most popular website in the world after Google and Youtube (Similarweb 2019) and holds the second place in overall ad spending, with \$67.37 billion in net ad revenues (Enberg 2019). Facebook reported that its number of active monthly users reached over 2.41 billion monthly active users (MAU) worldwide as of June 2019 (Statista 2019b). Other facts about Facebook users are the following:

- 88% of Facebook users' activity comes from mobile devices.
- The average amount of time that an ordinary user spends on Facebook every day is 58 minutes.
- Approximately 30% of Facebook users are aged between 25 and 34 years (Stout 2019).

Being the largest social network in the world, Facebook allows users to obtain product information, share experiences and recommendations about products and brands with their network of connections or close friends (Dehghani, Tumer 2015). Avoiding geographic limitations and time zones, users can easily and quickly access and exchange product-related information and express thoughts and recommendations with their personal contacts who share common interests about a product or brand. With the new applications on social networks, the

way consumers make purchase decisions and interact with other users of their social network has radically changed.

Although there is a growing trend in using different PPC channels, the unique nature of Facebook as a leading advertising platform lies in the ability to allow users to interact and engage actively with the ads and fan pages of the company letting them to “like” and “share” the sponsored posts as well as view who else liked or shared the same post (Dehghani, Tumer 2015). On this stage the sponsored ads will transform into word of mouth (WOM) advertising and facilitate promotional results. It is now more critical than ever to use engagement advertising in order to enhance brand image and awareness and, consequently, guarantee success of the promotional efforts.

It's worth mentioning, that even though international brands and small local businesses consider Facebook as an exceptional method of effectively reaching their target audience Facebook has undergone a strong criticism and controversy from users and scholars.

Being a social network where users share their personal data, Facebook allows advertisers to collect their information with a purpose of using demographic profiles and interests to display ads. This practice has received a lot of complaints, especially well known the case of Cambridge Analytica scandal (Wong 2019). This has led the advertisers to an ethical dilemma whether to use this advertising tool. Qazi and Mustafa (2018) in their research discuss the criticism towards advertising on social networking platforms. Among the main arguments they highlight the fact that advertising on social networks occurs in a private space, and it might be considered as irritating and intrusive if it is unable to convey the right message to its target audience private space (Qazi, Mustafa 2018).

Comparing Facebook effectiveness with other online advertising tools, the researchers haven't reached a common conclusion yet. Reich (2014) in his research states that Facebook ads' effectiveness is weak in terms of sales generation, especially compared to Google search ads. Bailey and Hsu (2015) share the same opinion and prove that in their case study on Facebook Ads effectiveness on college students where an overwhelming percentage of participants didn't

pay attention to the ads and weren't interested in Facebook advertisements. Specifically, 94% of them never or rarely click advertisements on Facebook (Hsu, Bailey 2015).

There is another range of studies conducted on Facebook advertising and indicating its effectiveness. Ragland (2010) states that Facebook is a great tool to use PPC advertising through which effective results are guaranteed. He discusses the process of creating an ad on Facebook, and how Facebook allows its advertisers to select their revenue models (CPM, CPA, CPL etc.), and set their total and daily budgeting capping. Gavilanes came to a similar conclusion in his study and confirmed that advertising on such platforms like Facebook overperforms Google Ads and in various forms and has a positive effect on sales and overall firm performance (Gavilanes 2016).

In order to understand which platform is the most effective with regard to attracting new customers the comparison of Google Ads and Facebook Ads is conducted in the following subchapter evaluating key features and performance metrics, which determine the effectiveness of PPC campaigns.

1.5 Google Ads and Facebook Ads. Comparison

To sum up the information from the previous subchapters and provide a better overview of differences between Google Ads and Facebook advertising platforms the following table was designed (Table 1). Comparison of these two platforms is conducted based on the following criteria: Platform Type, User Intent, Placement options, Ad types, Targeting, WOM. Those represent the key factors when deciding the optimal ad placement.

Table 1. Google Ads and Facebook Ads comparison

| | Google Ads | Facebook Ads |
|------------------------|-----------------------------|---------------------------------|
| Platform Type | Search engine (Paid Search) | Social Network (Paid Social) |
| Potential Reach | 90% of all Internet users | 51% of all Internet users |
| User Intent | Active - users are actively | Passive - users aren't actively |

| | | |
|--------------------------|---|---|
| | searching for a product or service and are likely ready to buy. | looking for a specific product or service; they are targeted based on interests and demographic information. |
| Placement Options | Google, Google Search Partners (Amazon, The New York Times, The Washington Post). | Facebook application (feed, stories, right column, market place, In-stream video); Facebook Messenger; Instagram (feed, stories); Audience Network. |
| Ad Types | Text Ad, Call-only, Shopping ads. | Image, Video, Slideshow, Carousel, Collection, Instant Experience. |
| Targeting | Location, Demographics, Device, Keywords | Location, Demographics, Interests, Behaviours, Custom audiences, Lookalike audiences. |
| WOM | Not possible. | Possible. Potential customers can generate user generated content. |
| Extensions | Possible (location, Callout, Call, Price, Sitelink, App extensions) | Not possible. |

Source: Google Ads Help (2019), Facebook Ads Help (2019), Bowden (2018), author's compilation

First of all, it's important to highlight the main differences between Google and Facebook. There is a big numerical difference between Google and Facebook with regards to the percentage of Internet users that use Google and Facebook. Google accounts for 90% of Internet users whereas Facebook only for 51%.

Secondly, Google, being a search engine has the main goal to connect people's search queries with relevant search results. Facebook, which is a social networking website, is designed for socialising and networking with a circle of "followers". From this it's possible to consider these platforms from the user intent perspective. On Google, users actively search for a product or service and would like to buy, while user intent of Facebook users is passive, meaning that users

don't look for a specific product or service. They use social networks for other purposes and are then targeted by advertisers based on interests and demographic information.

Another difference is related to the placement options and consequently ad types. Google can place the ads on the search network and display networks which are represented by different partner websites. Facebook, in contrast, places the ads into the users news feed, stories, messenger, banner ads in the right column and Instagram. This availability of options leads to a wider range of ad formats available for Facebook that advertisers can show to different target groups.

In regards to targeting, Google allows advertisers to target their users based on location, demographics, device and keywords. Facebook has more available information about its users and allows targeting not only based on user location, demographics, but also interests, behaviours (likes, dislikes), custom audiences, lookalike audiences (users similar to existing customers).

Being a social network, Facebook allows its users to actively engage with advertisers' ads by generating their own content. Thus, users can comment, like and share the advertisements that could lead to additional WOM promotion and even vitality. This option is not possible to realise within Google.

However, Google possesses another powerful tool, called extensions. Extensions represent the possibility to place into the ad details about location, phone number, price, site link, Google Play/ App Store links to the apps. This is not available within Facebook network.

1.6 Challenges in Pay-per-click advertising

It's well-known that PPC advertising can be a highly effective medium of online marketing with proven and quick results. However, it still comes with some challenges that can negatively affect the results of campaigns. It's especially relevant to new businesses and those who have no

experience in running a PPC campaign. In this chapter the five main challenges of running PPC campaigns are discussed.

One of the biggest dilemmas in regards to PPC advertising is the **choice between different advertising platforms**. Because PPC encompasses different ads formats, targeting and bidding strategies, it is crucial to identify specific goals and needs of the campaign and based on it choose the suitable channel. For example, visual content like pictures and video works better on social media to expand brand awareness, whereas text ad with links is a traditional way of displaying very targeted ads on search engines to drive sales, leads and installs. In addition to campaign goals, it's also worth considering different platforms based on the availability of performance metrics in order to understand conversion path fully (Reich 2014).

Second problematic issue in running a PPC campaign up is connected to how the PPC account is structured. For instance, one of the most common cases of **poor account structure** is when advertiser places all the keywords related to his business into one campaign in one ad group with one ad representing the whole lot. This usually leads to showing ads to irrelevant users and, as a consequence, wasting the budget. Other similar examples of this include the following: sending all the traffic to website homepage but not to separate landing pages with specific product categories, using duplicate keywords in ad groups and campaigns that compete with one another etc. (Whitney 2019).

Another PPC advertising challenge is related to **keywords selection**. Among the common mistakes that advertisers tend to make are too general keywords that target overly broad and usually unrelated audiences. In contrast, too specific keywords might lead to inability to reach all potential customers (Jansen, Mullen 2018). It can also be challenging to select the negative keywords. Negative keywords are the keywords that advertiser adds to his campaign to prevent ads from showing for certain queries – these are the ones that ensure targeting only the right audience. The optimal solution would be to find the right combination of keywords that will attract an actual, relevant audience to the offer.

Lack of tracking and optimisation can be a serious obstacle towards getting great results with the PPC campaign. Measuring results and optimising campaigns by increasing the budget on the keywords words which are delivering good results and decreasing spending on the keywords which are not bringing about results is the most crucial factor in PPC campaigns, however, many advertisers don't use it (Szymanski 2018)

2. RESEARCH METHODOLOGY

The given chapter provides an overview of the methods used, steps taken and the tools utilized during the process of collection and analysis of data needed to fulfil the aim of the thesis and answer the research questions. This chapter introduces the research design, data collection methods and data analysis techniques that will be used for this graduation thesis.

2.1. Research Design

The research will follow a case study design based on the case of Brosco. According to Yin (2014, 5), case study research method “is an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used”. It is a tool employed to narrow down a very wide field of research into one easily researchable topic. In case of this research, case study will be limited to a particular company - Brosco. At the moment Brosco is looking to expand its reach and get more customers, which entirely aligns with the main aim of this thesis. The research will be conducted in the form of an online ad campaign on Google and Facebook advertising platforms.

2.2. Data collection methods

Gurpa and Benedett (2007) define marketing research as “a process of gathering, analyzing and interpreting information about market, product or service offered for sale in that market, as well as information about past, present and potential customers for the product or service”.

On one hand, quantitative analysis was done in the form of statistical analysis of campaign data extracted from Google Ads and Facebook Ads accounts. The prime advantage of testing ads campaigns is that ad campaigns are happening in real time, employ accurate web analytics based on success measures, and yields almost immediate feedback (Charan 2015, 440). In the following subchapters author provides with a company overview and background for targeting selection.

On the other hand, qualitative analysis was conducted in the form of two company interviews used to find out the most current, comprehensive data on the topics related to the research and obtain first hand insights about running PPC campaigns. The research was conducted in the form of semi-structured interviews with two Estonian and British advertising agencies, who are using PPC advertising as a part of their marketing services. Semi-structured interviews “employ a blend of closed and open-ended questions, often accompanied by follow-up “why?” or “how?” questions” (Adams 2015b, 493). Researcher wanted to have the opportunity of asking additional specifying questions during the interviews, and this is why it was chosen to use the semi-structured type of interviews as it’s able to provide relevant flexibility. The interviews were conducted via Skype and lasted 43-54 minutes, thus, the author believes that she received the necessary information about the topic for answering the required research questions of this thesis. Each interview was comprised of 19 questions that were focused on running advertising campaigns on different PPC channels.

2.2.1. Research context

Brosco is a creative digital marketing agency founded in Tallinn, Estonia in 2019 that currently consists of four employees. It offers a range of online marketing services such as SEM (Google Ads), SMM (Facebook, Instagram, LinkedIn), Email marketing and Remarketing / Retargeting (Figure 1).

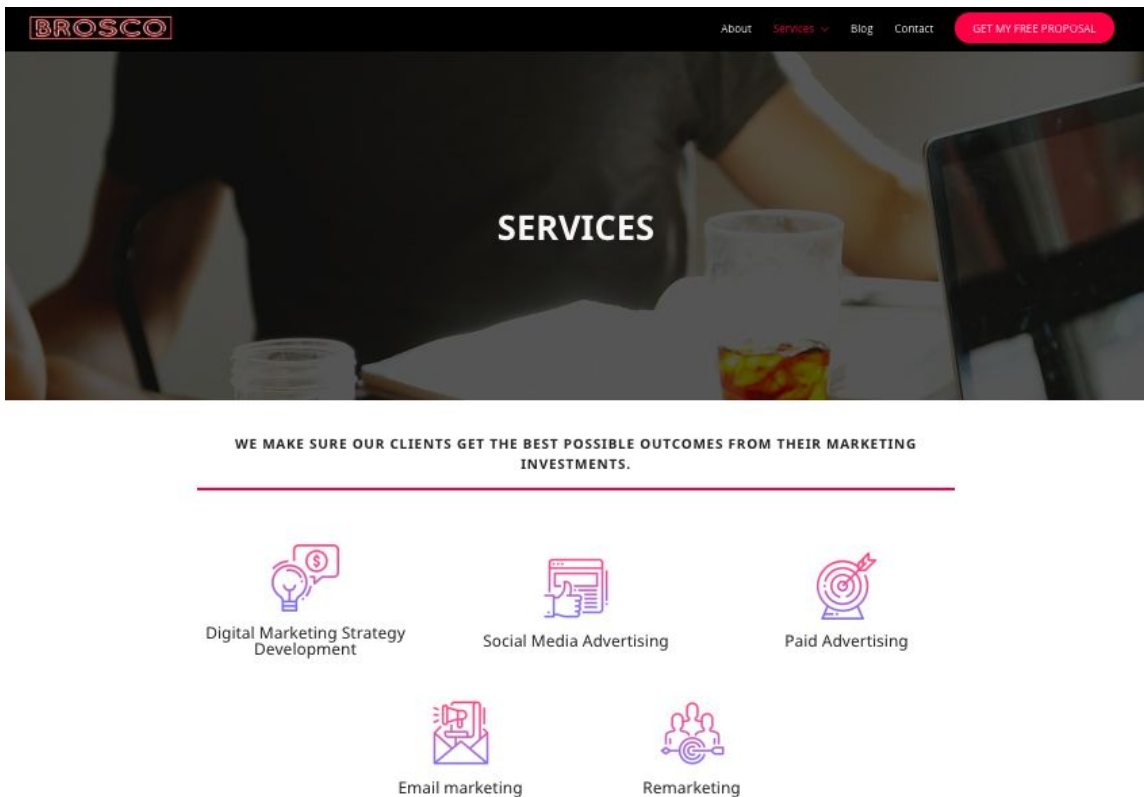


Figure 2. Brosco website services page
 Source: Brosco website (2019)

Despite the demand for online marketing services and overall digitalisation of businesses, the customers have not found the Brosco’s website yet. Marketing strategy has been implemented mainly on social media platforms e.g. Google, Facebook and Instagram.

Brosco’s customers have so far been mostly small online and offline businesses from Estonia. There is no data of these customers. That’s why the primary goal of the campaign is to increase the knowledge about potential customers and to find new target audiences. The secondary goals of the campaign is to increase lead generation by Google and Facebook advertising. By lead it’s understood any person who indicates interest in a Brosco’s services in the form of submitting a contact form or making a call.

2.2.2. Campaigns’ targeting

The main aim of Google and Facebook campaigns was defined as lead generation with emphasis on click maximisation. The campaign length was defined as seven consecutive days of the week in order to test how ad engagement varies within different days of the week. Both campaigns

were focused on targeting United Kingdom citizens of all genders, aged 25-54 years old who were interested in online advertising for their products or services.

The United Kingdom was chosen as the targeted location because of the several preliminary Brosco's research. First of all, it was found out that 99.9% of the UK's private sector business consists of small or medium-size businesses (SMEs) (Wright 2018). Secondly, according to the research conducted among SMEs by Statista, attracting customers was named the biggest challenge, followed by the problem of increasing business revenue (Statista 2019a). Taking into account the main language of Brosco as well as the main website language it's a perfect opportunity for Brosco to acquire new customers.

It was decided to use broad age targeting because the age of already existing customers varies significantly from 25 to 54 y.o. Same exact age was chosen for Google and Facebook campaigns. Additionally there was no gender or specific device preferences used.

2.3. Data analysis methods

According to Chapman (2018), data analysis is “the process of inspecting, reorganising, modifying and transforming data with the goal of extracting useful information, drawing meaningful conclusions and supporting decision-making”. In today's business world, data analysis plays a significant role in making decisions more scientific and helping businesses operate more effectively evaluating data using analytical and logical reasoning to examine each component of the data provided.

After data collection procedure, the data analysis of this graduation thesis will be conducted based on the results extracted from Google Ads and Facebook Ads manager and information obtained from company interviews. With regards to PPC campaign, the quantitative analysis of Google and Facebook data will be based on statistical analysis of the following metrics extracted from Google and Facebook: 1) Number of impressions, 2) Number of clicks, 3) Cost per Click and 4) Click-through rate. According to Szymanski (2018), these four parameters allow us to evaluate the effectiveness of PPC campaign and forecast which ads the users are likely going to be clicked and engaged with.

Those are the most important indicators when analysing the PPC campaign. Impressions and Clicks are the easiest metrics to see how much traffic keywords are generating. Based on these indicators it will be possible to identify the most popular keywords, as well as gender and age of the people who are most probably engaged with the ads. Cost per click metric will give us the price per each click generated within the campaign. It is useful to compare CPC of both platforms in order to optimise the budgets in the future and invest more in the platform that offers the lowest cost. The last metric click-through rate serves to identify the most relevant keywords to searchers. CTR also directly affects the quality score and, consequently the cost of clicks (Doyle 2017)

In order to analyse the interview data, the interviews were recorded and transcribed. The interview transcripts are available in Appendix 1 and 2. In addition to it, notes were taken during the interview process. Data collected from the interviews was analyzed by means of qualitative content analysis (Roller 2019), consisting of thematic coding based on the information presented in the theoretical part of the thesis, to identify similarities and differences of Google and Facebook advertising platforms.

Once the data is obtained and the results are analyzed, the answers will be presented in the results chapter alongside with the implication can be applied to other similar types of companies.

3. RESULTS

The aim of this chapter is devoted to presentation and discussion of the results obtained during the online campaigns. The first part of the chapter is focused on planning and executing two online PPC marketing campaigns on Google and Facebook. The online marketing platforms chosen for this thesis are Google Ads and Facebook Ads mainly due to PPC revenue model, their size and sophisticated targeting options. Besides, both Google Ads and Facebook have in-built analysing tools, thus no additional optimisation services are necessary. Targeting described in the previous chapter was applied to narrow down ad campaigns in order to get measurable and comparable results.

The second part of this chapter represents the results of the interviews and campaigns. To better illustrate the process and results of the campaigns, the author used the actual images from campaigns for Brosco.

3.1. Online campaign creation

Both platforms, Google and Facebook, used the same PPC campaign structure described below. The main six steps of creating an efficient and successful PPC campaign included the following:

1. Goal setting
2. Platform choice
3. Campaign type selection
4. Targeting setting including: Location and daily budget selection; Keyword and Interests setting, Ad description and ad extensions design.
5. Conversion tracking set up
6. Monitoring and campaign optimisation (Figure 3).

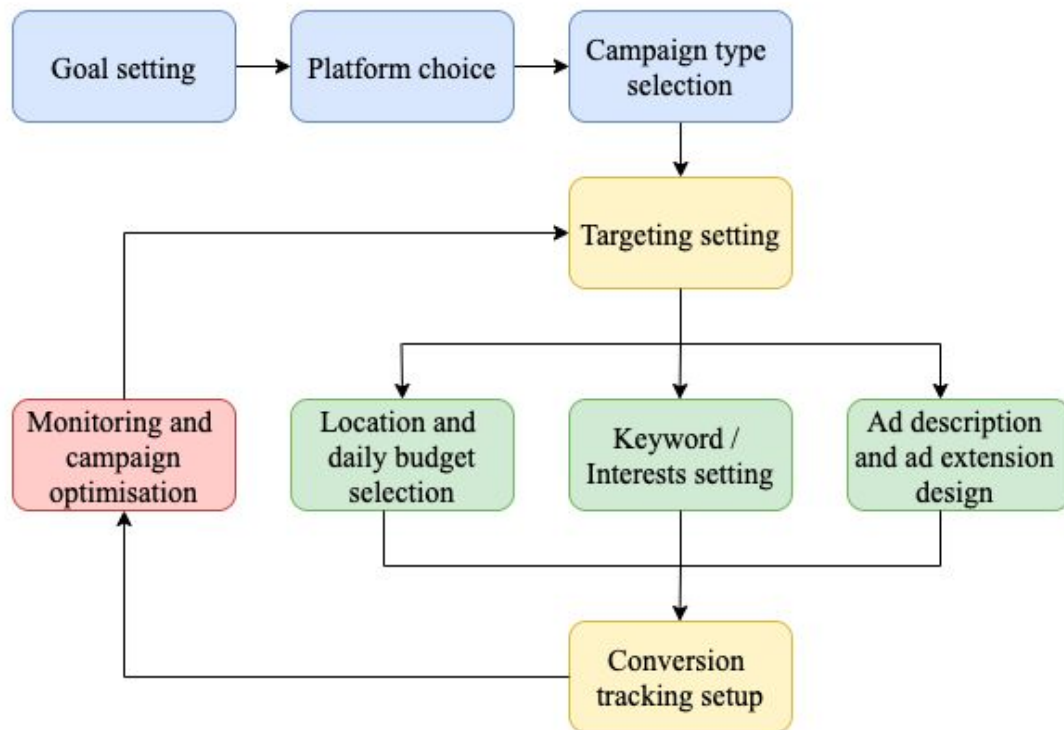


Figure 3. PPC campaign structure
 Source: Szymanski (2018), author’s compilation

This model was introduced by Szymansky (2018) and elaborated by the author. Thus, the process of running a PPC campaign starts with defining a business goal that should be achieved by the campaign. The second step is the choice of the platform, which is mainly based on the goal of the campaign, ease of use, user experience (UX), and user interface (UI) of the platform, placement and ad formats options as well as retargeting and reporting possibilities (Interview 1).

Once the goal and the platform are defined, it’s important to choose the campaign type based on available formats, placements and bidding strategies. Next step is setting a targeting that consists of keywords, location and daily budget selection as well as design of ad description and extensions. The keywords should be based on the existing knowledge about the customers and competitors. For example, one of the most effective ways to choose the keywords is to use buyers’ personas and choose those search terms that have already been used by converted customers (Interview 2).

Once the targeting is defined and the ad is created, it's important to set up the conversion tracking and landing pages' activities tracking. This will allow the advertiser to check most important metrics and apply the necessary changes immediately.

In order to make sure that the campaign is going as planned, monitoring on a daily basis is necessary. This will help the advertiser to evaluate the performance of the ad campaigns and identify if keywords or bidding strategy need to be optimised (Interview 1).

3.1.1 Google Ads campaign

Google Ads campaign started on the 17th of November and finished on the 24th of November. The campaign consisted of two search ads (Figure 5, Figure 6) that allowed to place them across Google Search Network, Search partners and Display Network. The Figures show the actual campaign in Google used during research. The goal of the campaign was lead generation with bidding strategy focused on maximisation of clicks. The optimal budget for the campaign was chosen 5 euro per day (Figure 4).

Settings

| | | |
|---------------------|--|---|
| Campaign name | Lead generation - Brosco agency | ▼ |
| Campaign status | ● Paused | ▼ |
| Goal | Leads | ▼ |
| Networks | Google Search Network, Search partners, Display Network | ▼ |
| Locations | United Kingdom (country) | ▼ |
| Languages | English | ▼ |
| Budget | €5.00/day | ▼ |
| Bidding | Maximize clicks | ▼ |
| Start and end dates | Start date: November 17, 2019 End date: November 24, 2019 | ▼ |

Figure 4. Google Ads settings page for Brosco campaign

Source: Google Ads manager (2019)

The campaign followed the targeting described in the previous chapter, namely audience targeting 25-54 year old, living in the United Kingdom who are interested in Advertising, Marketing services, Search engine marketing, Email Marketing, Business and Industrial services.

Both ads had the same description, sitelinks and included the phrase “Contact us now” call to action (CTA) text. One of the ads mentioned a possibility of free consultation in order to encourage users to engage with an ad “Contact us now and get a free consultation” (Figure 5, 6).

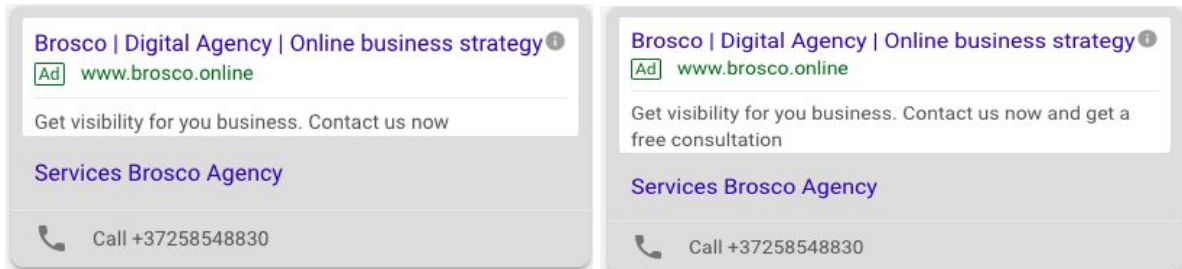


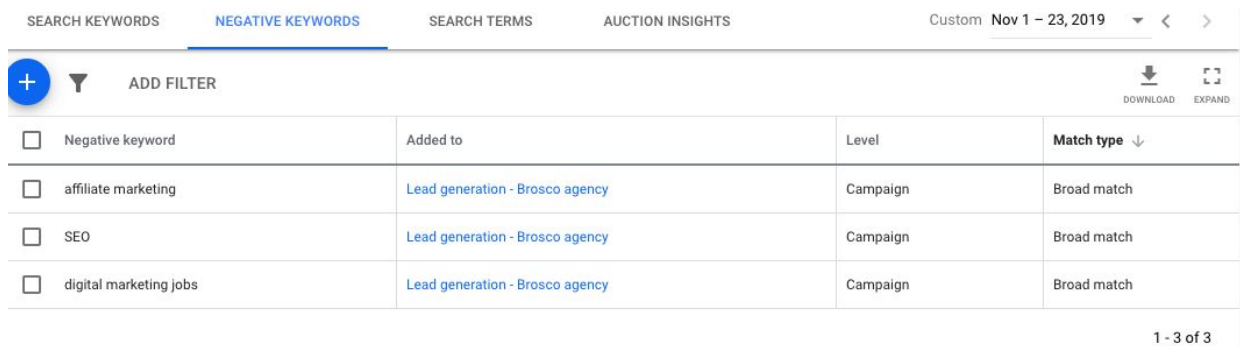
Figure 5, 6. Brosco Google Ads creatives
Source: Google Ads manager (2019)

The chosen keywords were words that would most likely describe the services Brosco agency offers to its clients. They included: online advertising, advertising agency, marketing plan, internet marketing service, online marketing, internet marketing, search engine agency, marketing agency, digital marketing, digital marketing agency, digital agency, social media agency, social media consultant, social media marketing agency, social media management agency, e-marketing services. All the keywords had either square brackets indicating exact match or quotes indicating sentence match (Figure 7).

| Keywords | | | | | | | | | | | | |
|----------------|--------------------------|-------------------------------------|----------------------------|----------|----------------|-----------|--------|-------|-----|----------|--------|------------|
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Keyword | Status | Policy details | Final URL | Clicks | Impr. | CTR | Avg. CPC | ↓ Cost | Conversion |
| Demographics | <input type="checkbox"/> | <input checked="" type="checkbox"/> | online advertising | Eligible | Approved | – | 0 | 0 | – | – | €0.00 | 0.00 |
| Placements | <input type="checkbox"/> | <input checked="" type="checkbox"/> | marketing plan | Eligible | Approved | – | 0 | 0 | – | – | €0.00 | 0.00 |
| Settings | <input type="checkbox"/> | <input checked="" type="checkbox"/> | advertising agency | Eligible | Approved | – | 0 | 0 | – | – | €0.00 | 0.00 |
| Devices | <input type="checkbox"/> | <input checked="" type="checkbox"/> | internet marketing service | Eligible | Approved | – | 0 | 0 | – | – | €0.00 | 0.00 |
| Change history | <input type="checkbox"/> | <input checked="" type="checkbox"/> | online marketing | Eligible | Approved | – | 0 | 0 | – | – | €0.00 | 0.00 |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> | internet marketing | Eligible | Approved | – | 0 | 0 | – | – | €0.00 | 0.00 |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> | search engine marketing | Eligible | Approved | – | 0 | 0 | – | – | €0.00 | 0.00 |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> | marketing agency | Eligible | Approved | – | 0 | 0 | – | – | €0.00 | 0.00 |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> | marketing strategy | Eligible | Approved | – | 0 | 0 | – | – | €0.00 | 0.00 |

Figure 7. Keywords for Brosco’s Google Ads campaign
Source: Google Ads manager (2019)

In order to exclude people looking for a digital marketing job and people looking for SEO and affiliate marketing services. It was decided to use them as negative keywords for the purpose of excluding wasteless clicks (Figure 8).



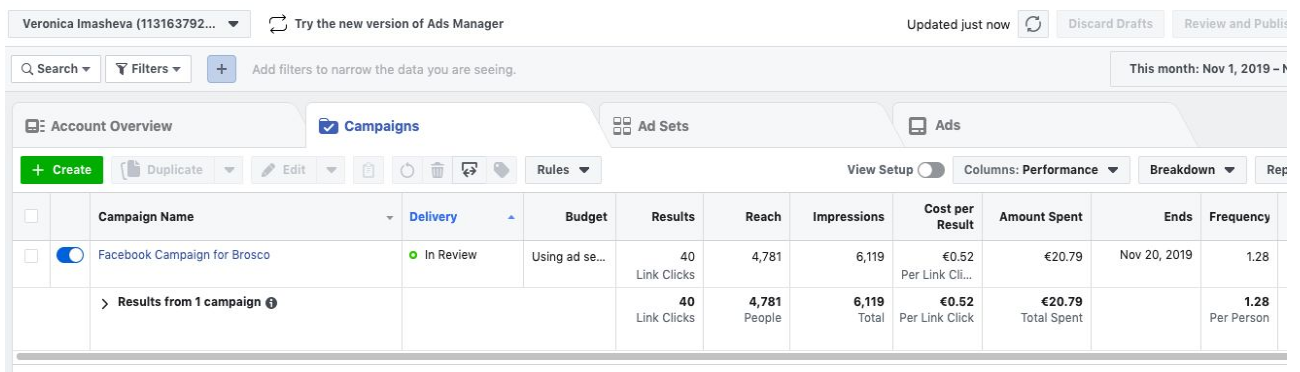
The screenshot shows the 'NEGATIVE KEYWORDS' tab in Google Ads. It features a table with columns for 'Negative keyword', 'Added to', 'Level', and 'Match type'. Three keywords are listed: 'affiliate marketing', 'SEO', and 'digital marketing jobs', all added to the 'Lead generation - Brosco agency' campaign with a 'Broad match' type. The interface includes a search bar, a filter icon, and a '1 - 3 of 3' indicator at the bottom right.

| <input type="checkbox"/> | Negative keyword | Added to | Level | Match type ↓ |
|--------------------------|------------------------|---------------------------------|----------|--------------|
| <input type="checkbox"/> | affiliate marketing | Lead generation - Brosco agency | Campaign | Broad match |
| <input type="checkbox"/> | SEO | Lead generation - Brosco agency | Campaign | Broad match |
| <input type="checkbox"/> | digital marketing jobs | Lead generation - Brosco agency | Campaign | Broad match |

Figure 8. Negative keywords for Brosco’s Google Ads campaign
Source: Google Ads manager (2019)

3.1.2 Facebook Ads campaign

Facebook campaign started on the 13th of November and ended on the 20th. Campaign’s objective was to increase lead generation and the optimization was focused on maximising clicks on the Brosco services website link (Figure 9).



The screenshot shows the 'Campaigns' tab in Facebook Ads Manager. It displays a table with columns for 'Campaign Name', 'Delivery', 'Budget', 'Results', 'Reach', 'Impressions', 'Cost per Result', 'Amount Spent', 'Ends', and 'Frequency'. One campaign is listed: 'Facebook Campaign for Brosco', which is 'In Review' and has a budget of 'Using ad se...'. The table also shows a summary row for 'Results from 1 campaign'.

| <input type="checkbox"/> | Campaign Name | Delivery | Budget | Results | Reach | Impressions | Cost per Result | Amount Spent | Ends | Frequency |
|-------------------------------------|------------------------------|-----------|----------------|----------------|--------------|-------------|-----------------------|--------------------|--------------|-----------------|
| <input checked="" type="checkbox"/> | Facebook Campaign for Brosco | In Review | Using ad se... | 40 Link Clicks | 4,781 | 6,119 | €0.52 Per Link Cli... | €20.79 | Nov 20, 2019 | 1.28 |
| > Results from 1 campaign ⓘ | | | | 40 Link Clicks | 4,781 People | 6,119 Total | €0.52 Per Link Click | €20.79 Total Spent | | 1.28 Per Person |

Figure 9. Brosco’s Facebook Ads campaign
Source: Facebook Ads manager (2019)

The ad was created, following audience targeting: all genders, 25-54 year old, living in the United Kingdom who are interested in Search engine marketing, Digital marketing, Shopify, WordPress, Inbound marketing, Social media marketing, Marketing digital. The ad is designed to be shown on Facebook Feeds and Instant Articles placements. And the budget chosen for the campaign was 5€ per day.

These all had the estimated audience of 8 800 000 people and the reach from minimum of 975 to the maximum of 2 800 users generating 9 - 37 link clicks (Figure 10).

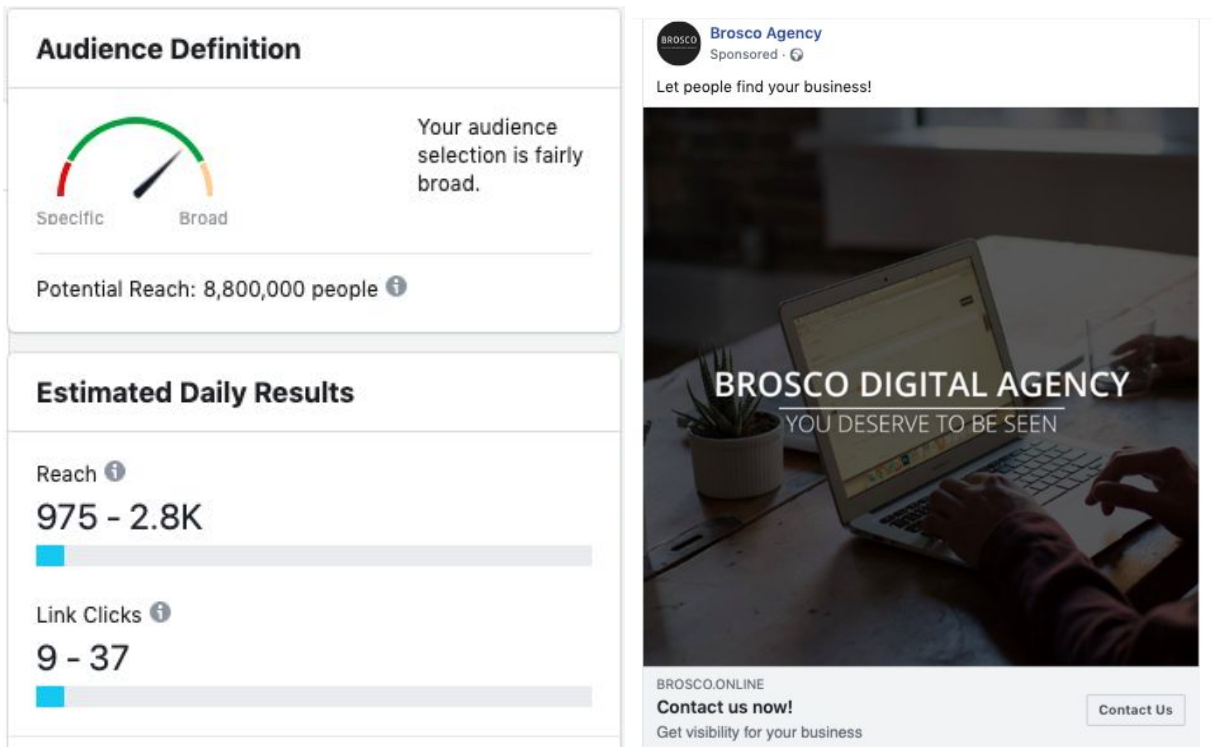


Figure 10. Estimated daily results reach.

Figure 11. Brosco Facebook Ads creatives. Source: Facebook Ads manager (2019)
Source: Facebook Ads manager (2019)

Figure 11 is a ready ad creative that consists of ad picture similar to the one used on the main landing page on Brosco's website. According to Law, adding a logo reassures the consumer. It might give an impression that the company is established although it is just starting out like SockAdore (Law 2018).

This picture was chosen because of its good quality, branding and company's slogan on it. The modifications and editing were done by the graphic design tool Canva.

3.2. Online campaign results

This subchapter gives an overview of results obtained from Google and Facebook advertising campaigns.

3.2.1 Google Ads campaign results

Google Ads campaign resulted in 1180 impressions 41 clicks and in total. Overall cost was 35.50€ which resulted in an average CPC of 0.87€ and CTR 3.47%.

Average CPC was calculated according to the following universal formula:

$$\text{CPC} = \text{Total Ad Spend} / \text{Total Measured Clicks}$$

Where Total Ads Spend means the amount of money used for the advertising campaign and Total clicks value means the number of times an ad by the user (Directive).

In the case of Brosco CPC for Google Ads campaign = 35.50€ / 41 clicks = 0.87€.

Another important metric used in the research was CTR calculated according to this formula:

$$\text{CTR} = (\text{Clicks} \times 100) / \text{Ad Impressions}$$

$$\text{CTR} = (41 \times 100) / 1190 = 3.47\%$$

There were two ads launched on Google: one with a simple CTA “Contact us now” and another one offer also free consultation by CTA phrase “Contact us now and get a free consultation”. It is notable that at the end of the campaign the ad which included “Contact us now and get a free consultation” CTA received more impressions, clicks and considerably higher CTR (Figure 12).

| Ad | Ad group | Status | Ad type | Clicks | ↓ Impr. | CTR | Avg. CPC | Cost | Conversions |
|--|------------------------|-----------------|------------------|--------|---------|-------|----------|--------|-------------|
| Brosco Digital Agency Online business strategy www.brosco.online Get visibility for you business. Contact us now and get a free consultation | Brosco agency campaign | Campaign paused | Expanded text ad | 25 | 616 | 4.06% | €0.87 | €21.75 | 0.00 |
| Brosco Digital Agency Online business strategy www.brosco.online Get visibility for you business. Contact us now | Brosco agency campaign | Campaign paused | Expanded text ad | 16 | 564 | 2.84% | €0.86 | €13.75 | 0.00 |

Figure 12. Results of A/B testing Google campaign.
Source: Google Ads manager (2019)

If breaking down the keywords it can be seen that in terms of impressions and clicks the most searched keywords were “marketing agency” (10 clicks), “advertising agency” (9 clicks) and “digital agency” (7 clicks). However, when it comes to CTR the highest % value received

“marketing plan (33.33%), “e-marketing services” (20%) and “online advertising” (11.11%) (Figure 13).

| Paused Type: Search Budget: €5.00/day More details | | | | | | | | | | | | |
|--|----------------------------------|--------------------------|------------------------|-----------------|----------------|-----------|--------|-------|--------|----------|--------|-------------|
| Keyword status: All ADD FILTER | | | | | | | | | | | | |
| <input type="checkbox"/> | <input checked="" type="radio"/> | Keyword | Ad group | Status | Policy details | Final URL | Clicks | Impr. | CTR | Avg. CPC | ↓ Cost | Conversion: |
| <input type="checkbox"/> | <input checked="" type="radio"/> | marketing agency | Brosco agency campaign | Campaign paused | Eligible | — | 10 | 317 | 3.15% | €0.95 | €9.52 | 0.00 |
| <input type="checkbox"/> | <input checked="" type="radio"/> | advertising agency | Brosco agency campaign | Campaign paused | Eligible | — | 9 | 228 | 3.95% | €0.90 | €8.09 | 0.00 |
| <input type="checkbox"/> | <input checked="" type="radio"/> | digital agency | Brosco agency campaign | Campaign paused | Eligible | — | 7 | 199 | 3.52% | €0.80 | €5.57 | 0.00 |
| <input type="checkbox"/> | <input checked="" type="radio"/> | online advertising | Brosco agency campaign | Campaign paused | Eligible | — | 5 | 45 | 11.11% | €0.83 | €4.17 | 0.00 |
| <input type="checkbox"/> | <input checked="" type="radio"/> | marketing strategy | Brosco agency campaign | Campaign paused | Eligible | — | 2 | 41 | 4.88% | €0.98 | €1.96 | 0.00 |
| <input type="checkbox"/> | <input checked="" type="radio"/> | search engine marketing | Brosco agency campaign | Campaign paused | Eligible | — | 2 | 27 | 7.41% | €0.87 | €1.74 | 0.00 |
| <input type="checkbox"/> | <input checked="" type="radio"/> | marketing plan | Brosco agency campaign | Campaign paused | Eligible | — | 2 | 6 | 33.33% | €0.83 | €1.65 | 0.00 |
| <input type="checkbox"/> | <input checked="" type="radio"/> | digital marketing agency | Brosco agency campaign | Campaign paused | Eligible | — | 1 | 62 | 1.61% | €1.21 | €1.21 | 0.00 |
| <input type="checkbox"/> | <input checked="" type="radio"/> | online marketing | Brosco agency campaign | Campaign paused | Eligible | — | 1 | 24 | 4.17% | €0.75 | €0.75 | 0.00 |
| <input type="checkbox"/> | <input checked="" type="radio"/> | e-marketing services | Brosco agency campaign | Campaign paused | Eligible | — | 1 | 5 | 20.00% | €0.63 | €0.63 | 0.00 |
| <input type="checkbox"/> | <input checked="" type="radio"/> | internet marketing | Brosco agency campaign | Campaign paused | Eligible | — | 0 | 6 | 0.00% | — | €0.00 | 0.00 |

Figure 13. Clicks, Impressions, CPC and CTR for keywords
Source: Google Ads manager (2019)

Based on demographic data obtained during the campaign, shows that the most prevalent age group who engaged with the ads was 25-34 years old people. The same age group has generated the highest CTR, meaning the ads were highly relevant to the searchers (Figure 14).

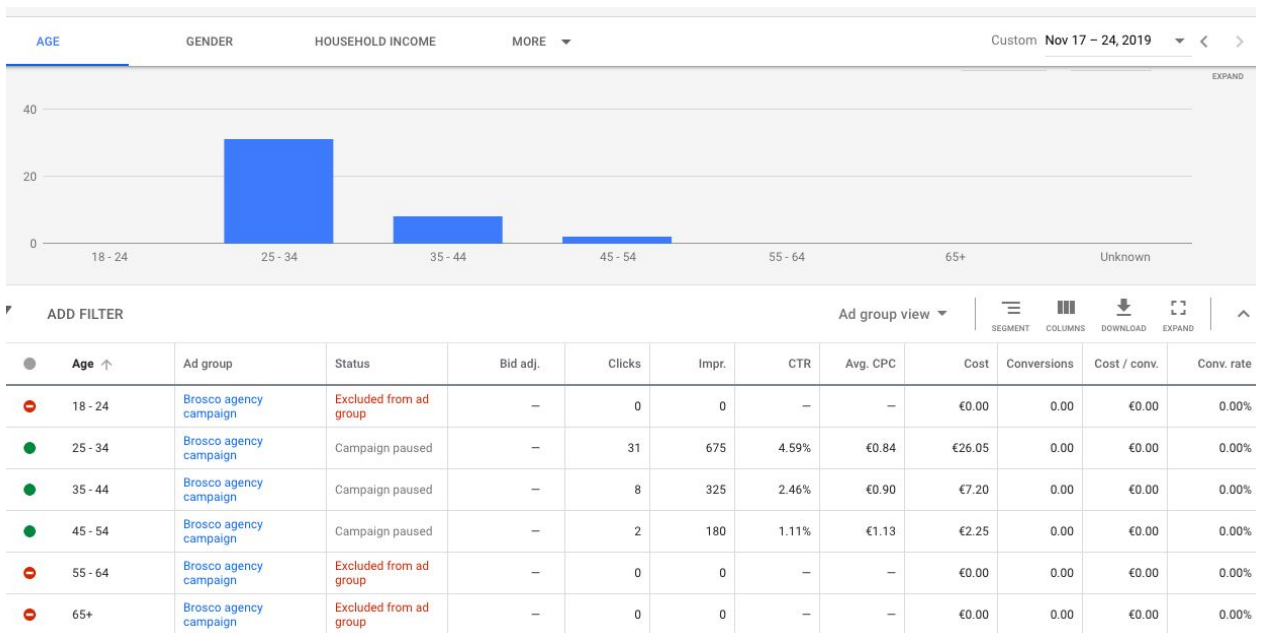


Figure 14. Clicks, Impressions, CPC and CTR based on the age group
Source: Google Ads manager (2019)

Within this group, men and women who interacted with the ad, generated almost the same numbers of clicks, accordingly 16 and 15 clicks. The second age group 35-44 years old resulted in a considerably lower number of clicks: 5 generated by men and 3 women. Within the oldest age group 45-54 women audience didn't engage with the ads at all and men made 2 clicks.

3.2.2 Facebook Ads campaign results

Facebook advertising campaign received 10900 impressions and the ads reached 7570 users. Campaign managed to generate 68 link clicks from them 66 unique clicks (Figure 15).

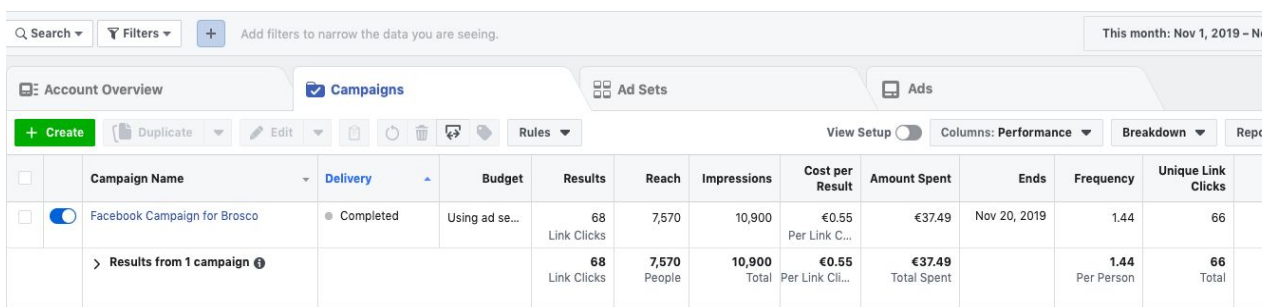


Figure 15. Facebook campaign results
Source: Facebook Ads manager (2019)

In the case of Brosco the average CPC for Facebook campaign = 37.49€ / 68 clicks = 0.55€ (Figure 16).



Figure 16. Average CPC and CTR for Facebook campaign
Source: Facebook Ads manager (2019)

$$CTR = (68 \times 100) / 10\,900 = 0.62\%$$

The campaign didn't result in leads, however it received two ad engagements and two emails proposing collaboration of services.

When analysing demographics, it's noteworthy that most of the people who clicked the links were aged 25-34 where 62% (31 link clicks) were men and 37% (14 link clicks) were women.

This age group's average CPC was 0.48€ for men and 0.61€ for women. This is remarkable because the targeted audience was between 25 and 54 years old (Figure 17).



Figure 17. Facebook campaign results based on age and gender
Source: Facebook Ads manager (2019)

The oldest age group of 45-54 years old has received the least link clicks from 7% (5 link clicks) of women and 3% of men (2 link clicks). When it comes to CPC, it is remarkable that men of this age category got the highest price per click of 1.50€ and for women 0.57€.

4.3. Discussion

The goal of the campaign was lead generation focused on maximising clicks. There were two new queries made on brosko.online but they weren't connected to what the campaign was targeted on. Thus, no leads or conversions were generated. The most probable reason why campaigns might have resulted in absence of leads is too broad audience targeting, low bid strategy and short length of the campaign. Nevertheless, the campaign was successful in other ways. First of all, it has helped to narrow down the targeted audience for future remarketing and new campaigns for Brosco. Both Google and Facebook campaigns gave similar results in terms of age group that received the highest number of clicks (Figure 18). People from 25 to 35 years old appeared to be the most interested in Brosco services audience generating 76% of all clicks for Google and 68% for Facebook ads.

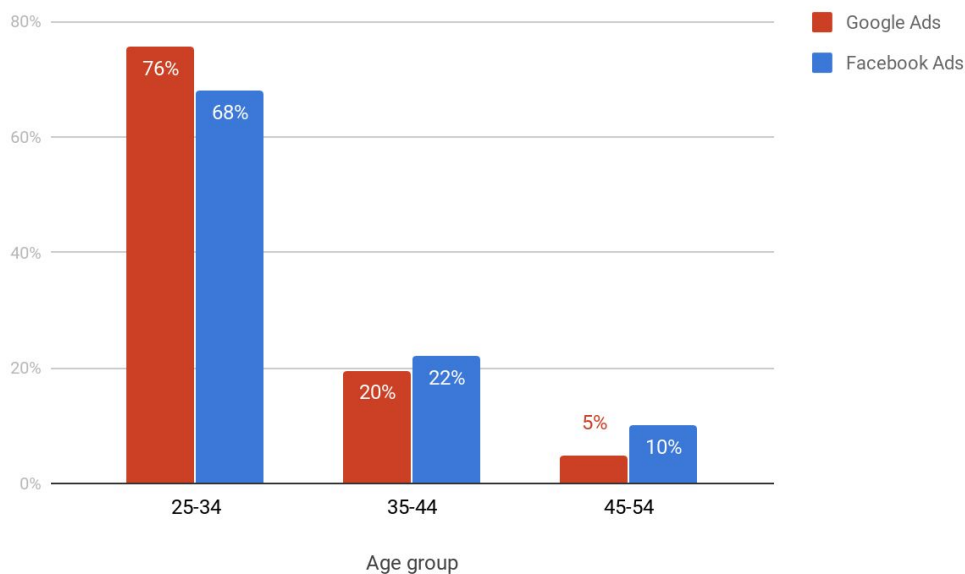


Figure 18. Percentage of clicks generated by each age group by Google and Facebook
Source: Facebook Ads manager (2019), Google Ads manager, author's compilation

When it comes to analysing the key metrics of the research, results are the following:

The first metric, number of impressions resulted in a big discrepancy in coverage between Google and Facebook. Impressions is the number of times that ad has been displayed to the searchers based on matches between the campaign keywords / interests and terms used on search queries or facebook profile.

It is clearly seen that Facebook generated more than nine times more impressions (10900) than Google (1180). The same applies to the number of clicks 41 clicks for Google versus for Facebook meanwhile the cost for Facebook ads was only two euro more (Figure 19).

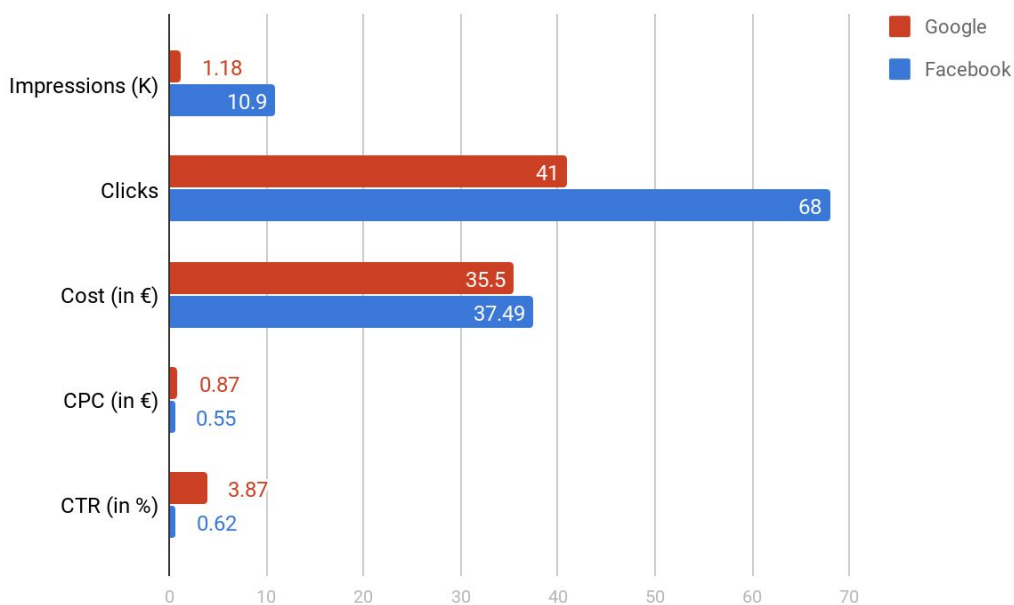


Figure 19. Impressions, Clicks, Cost, CPC, CTR metrics comparison for Google and Facebook
Source: Facebook Ads manager (2019), Google Ads manager, author's compilation

Another important metric is CPC, where Facebook ads delivered lower average price per click (0.55€) compared to Google Ads (0.87€).

The last metric, CTR resulted substantially higher for Google Ads (3.87) in contrast to Facebook Ads (0.62%). A high ratio of clicks to impressions (CTR) is an indication that an ad is targeting the right audience with appropriate keywords and ad text, and those searchers are responding by clicking through to the Brosco's website – whereas a low CTR is showing that there is some mismatch between ad and target audience. In the case of Brosco, Google Ads managed to show

Brosco's ads only to highly targeted searchers. In contrast, Facebook campaign resulted in a low CTR although the ad text was the same.

To sum up, when it comes to Brosco's online marketing campaign, the target groups need to be redefined. There are potential customers who are young males and females aged 25-34 but also potential buyers exist among older men and women aged 35-44. Moreover the ads should be designed differently for each ad group. Google ads A/B testing has shown that the ads that promise free consultation resulted in greater reach and engagement.

When choosing between Google or Facebook, it's important to take into account the goal of ad campaign. Thus, Facebook, as it generates more impressions, is perfect for expanding the reach and brand awareness of the product or service. Google, in contrast, provides less impressions and clicks but shows the ad only to targeted searches who are most probably interested in the ad which can match with very targeted leads / sales campaign.

This conclusion is supported by the results of the company interview according to which Google Ads was mentioned as a main lead generation tool whereas Facebook was used for raising awareness for the brands or specific product and promotion of content (Interview 1, Interview 2).

Among the other findings it is important to mention country differences. Thus, when choosing between target markets and localising ads, it's crucial to ensure that the advertiser's website is available on the language of displayed ads, otherwise this might lead to high number of clicks that won't result in conversions. The reason for this is when users see the ads in their local language they actually expect to see the website content in the same language (Interview 1).

The main suggestions for other small businesses in creative industries who run PPC campaigns would be to:

- Conduct preliminary marketing research consisting of: 1) competitor analysis, 2) potential target groups selection 3) keywords analysis and selection.
- Allocate time and budgets for campaigns' testing. With regards to the campaign length, the optimal duration was defined from two weeks to one month.
- When localising ads, take into account country differences and available languages of the website (Interview 1, Interview 2)

This type of data would assist the advertisers in modifying their product offerings accordingly as well as narrowing down targeting. Further, it would help them in designing an engaging and appealing ad content that would be able to match diverse needs and wants of their consumers as well as to allocate budgets wisely.

CONCLUSION

Online advertising, especially on search engines and social networks has quickly become a crucial part for every business in reaching potential customers. Google, being the largest search engine, provides its traditional PPC tools that possess unique targeting options, allowing them to reach potential clients in the moment when they search for similar to advertiser's products or services. Facebook, the biggest social network offers advertisers the opportunity to target potential customers based on the personal data and interests that users enter voluntarily in their Facebook profiles. Both Google and Facebook have extremely beneficial characteristics such as low cost, fully customised bidding and targeting settings, high level of customizability and in-built monitoring and optimisation tools. In spite of this fact, very little research has attempted to analyze how companies can make use of this type of ads.

The aim of this study was to design a PPC advertising campaign for Google and Facebook and to compare the results in terms of attracting new customers on the first stages of business development.

For this aim a case study of the young Estonian company called Brosco was conducted in the form of Google and Facebook campaigns testing, and interviews with two Estonian and British advertising agencies, who are using PPC advertising as a part of their marketing services were undertaken. The campaign was planned and ran, although the campaigns didn't result in leads and sales, the collected results were highly interesting and useful for Brosco as they gave a lot of information about campaign design, targeting different age groups, user behavior and future campaign design.

In the light of practical insights of the conducted research, the main six steps of creating an efficient and successful PPC campaign include: 1) Goal setting 2) Platform choice, 3) Campaign type selection, 4) Targeting setting including: Location and daily budget selection; Keyword and Interests setting, Ad description and ad extensions design, 5) Conversion tracking set up, 6) Monitoring and campaign optimisation.

The effectiveness of online advertising campaigns was analysed based on their ability to reach potential customers in terms of generated Impressions, Clicks, CPC and CTR. The most important findings of the campaigns are the following.

Results show that Facebook managed to generate more impressions compared to Google by showing the ads to a bigger number of people which resulted in a higher number of clicks. Thus, the price per click was lower for Facebook platform. However, CTR indicator was quite low (0.62%) which means that targeting applied for this campaign was too broad. In contrast, Google Ads resulted in less impressions and clicks but managed to bring a very high CTR (3.87%), meaning that ads were highly relevant to the users and would most likely convert potential customers into existing customers.

The above mentioned results have led to the assumption that Google Ads are more powerful for attracting new customers by generating sales and leads meanwhile Facebook Ads are more effective for driving brand /product awareness, engagement and traffic to the advertiser's website.

The research also provided insightful information to marketers in creating the ad text in terms of CTA use that strengthens ad performance. Thus, including a free consultation or other service positively affects engagement with the ads.

Suggestions for further research would be to narrow down the topic of PPC advertising and focus on specific platform or ad format. On the other hand, it would be useful to conduct similar research on the companies of different levels, specified into industries.

To conclude, given the fast pace of evolution and popularity of the online advertising industry, the future of PPC advertising looks promising and expects to be more and more technology-driven. With regards to the ad serving process, automation and machine learning will be integrated into ad platforms like Google and Facebook in order to make the process of displaying ads easier for advertisers. On the other side, there is still a need to ensure privacy for user data. From the marketers perspective, it is extremely important to adapt to these changes and keep up with upcoming trends and developments.

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APPENDICES

Appendix 1. Company interview: Adcash

Skype interview with Adcash

20th of December 2019

Interviewer: Veranika Imashava

54 minutes long

Question 1. What is your professional occupation?

I'm a Head of Marketing at Adcash. My daily responsibilities include making sure that we have the right marketing strategy in place and that the team is able to work on the everyday tasks delivering good results through our marketing efforts.

Question 2. What are the marketing channels that you use on a daily basis?

There are many. We are doing PPC, Social media ads, we are heavily focused on content marketing, also Search Engine Optimisation. Then we also have some kind of offline channels like events and conferences. But the main focus is still on online marketing and the main marketing budget is going online.

Question 3. What PPC tools are you using?

We are using very different channels like Google, LinkedIn, Facebook, Instagram. Google is our main PPC spent at the moment but we use it mainly on search and just a bit of display advertising. We have also tried Reddit only for only one segment of our customers. Then Adroll for remarketing and Bing ads for search on Bing. And then we have also used Adcash online advertising platform as well.

Question 4. Who are your main clients?

For us it's both B2B and B2C clients because we are focusing on finding advertisers who want to advertise online and we have our own advertising platform where they actually can do PPC ads as well. So it's finding brands that want to advertise with us, also media buyers who tend to be

affiliates and a kind of one men brands and also we are looking for publishers to display ads on their sites.

Question 5. What do you think are the main differences between PPC marketing from traditional marketing?

If we are talking about traditional advertising like radio, newspapers and TV I think for me the main difference is that with PPC you know straight away how much you're spending. With TV you know relatively how much impressions you're getting but you can't guarantee income out of it. With PPC you only pay when someone clicks on the ads and you can estimate how much cost is those ads that that you're spending for and what's the return on investment. So growth is really important. And also with PPC you can be much more targeted. You're able to target your audience on a much more deeper level than you can do with traditional marketing channels.

Question 6. What is taken into consideration when choosing the between different PPC platforms?

We have been testing many PPC and the main reason for choosing them is that we have the best results with them. For example, Google is our main lead generator and that's for us a top performing marketing channel from where we have most leads and conversions. At the end of the day we want to get as many leads as possible and make sure that we get ROI from them. Facebook we use more for branding and promoting our content so the goals we have within these channels are completely different. I think also why we choose these platforms is the ease of use, UX, and UI of the platform, what placements and what ad formats they have. Also do they have a retargeting option or not and what kind of reporting they have.

Question 7. With regard to the ad performance are there any country differences?

Yes, I think for us they are. Because we are worldwide and we are targeting almost every single country and we have noticed that, for example, that in Vietnam, India there are very cheap leads and we get very high volumes leads but there's no quality. So you have to find the balance of how to look after those countries where there are very high numbers of lead but if at the end of the day they are not bringing in anything. For us the sale cycle is from two to three month so it's necessary to look two month back to see whether this lead was good or not. So we look for investing in Tier one countries like Canada, US, Japan, Western Europe as well. We also work

closely with our sales team to understand what are the top geos for advertisers and publishers to make sure that we are bringing in the right leads for them as well. Because they have supply and demand sides and we need to look into investing money in those countries.

We have tried to localise the ads, but because our website is only in English, we saw that we were getting a lot of clicks on these ads but they weren't converting because the site should be in the local language. However, some things can be localised. For example, if we are talking about the US market or UK market, then the language we are using in the UK market is completely different from the US market.

Question 8. Which platform (Facebook or Google) do you consider more effective in terms of attracting new users on the early stages of business development and why?

I would say Google. If the customers are already searching for products it's easier to come up with search ads. If it's a new company starting online ads I'd probably use Facebook Retargeting because it's quite cheap and I'd retarget people who didn't convert from Google ads.

Question 9. How do you get the information about your potential customers and markets?

You need to know your customer. This is the key of advertising and marketing because if you don't know your customer then you shouldn't make big investments in online spending. You can't advertise to everyone, because otherwise you'd just waste your budgets. We are doing quite a lot of competitor analysis and this we are using free tools like Similarweb, SEMRush and different google keywords tools to search for different keywords just to understand what are people searching and if there is enough traffic and what is the price for it. Its key to know

Question 10. What things do you take into account when running a PPC campaign? (like language, country, etc)

I think for Google if we are talking about targeting for us it's different geos. We never do worldwide campaigns because we are excluding some target audiences to ensure that we are not wasting money on them because we know that they don't convert. Then, If we are talking about Facebook and LinkedIn, there we go much more granular with targeting. We look into interests, age, gender, geos, we might make some custom audiences by using some interests and behaviours so it's very depending on the platform how deep we go into targeting. Another thing

we take into account is keywords, especially on Google. Searching for a kind of keywords that we want to bid on I think that's the must. If you're not bidding on the right keywords then you might not get the right traffic to your site, you just waste budgets on irrelevant people.

Question 11. What does the PPC marketing campaign process look like?

I think for each campaign it depends whether it's a campaign we're running whole year long or it's a special offer campaign for example Christmas campaign. Then we work closely with our sales team to understand what type of customer we need. Because we have different target audiences that we are focusing on and based on that if it's on Google it starts with allocating budgets and what are the goals behind it. We always try to set measurable goals in order to understand so later we know whether the campaign was effective and how we can learn from that and how we can optimise the campaign. Then we try to understand which are the search terms we are going to use, geos, bidding methods and what keywords we are excluding, also what's going to be our ad extension. And then the campaigns go live constantly monitoring the campaign: how many impressions, clicks, what's the conversion rates and how many leads we are getting.

Question 12. How can you make sure that the campaign is going as planned?

It's a constant monitoring that I have mentioned earlier as well. What's why I like digital marketing because you know straight away that something is going well or not. On a daily basis we are looking at how many leads we have got compared to the previous days and looking at how ads are doing, changing our ad copies, changing our landing pages, constantly optimising campaigns and running some A/B testing on the site, and then just seeing the results. It is all about constant constant optimisation.

Question 13. What are the main metrics that you use for monitoring the ongoing campaign?

If we think about Google Ads for example, then impressions, clicks, competitors and what is the position of our ads. And then, once a person already clicked on the ad then it's looking at the landing page metrics, bounce rate, conversion rate.

Question 14. What do you think are the main challenges of running a PPC campaign?

First of all it is important to have a budget to spend and understand how you are going to optimise the ads and getting back what you have invested. Not always doubling the budget means doubling the results. It's also a key to keep an eye on the competition and bid on competitors.

Question 15. What do the reports include?

Our reports include clicks, conversion rate, cost per lead, actual number of leads. Even though if we might get hundreds of leads and the CPL is like 10 euros then we have to see from the different channels how much is the return. Quite often we see that CPL for Google is much higher than for Facebook but we can see that ROI is much better for Google. That's why we tend to invest more on Google. The most important thing is how much we get from each platform

Question 16. After the campaign, how do you measure whether the campaign is successful or not?

Depends on the aim of the campaign. Because our sales circle is quite long.

Question 17. How are the results delivered to your clients?

We are looking at the campaign on a daily and weekly basis. To our management we deliver monthly reports and there we look into leads for the previous month. Additionally we report how much we spent for specific channels.

Question 18. What do you think is the future of PPC marketing?

Everything is going towards automation and machine learning. That's something other platforms that we can already see. In terms of targeting, there is GDPR and Californian consumer privacy all of them will have an effect on PPC and other different platforms. Personalisation is the key but it has to respect consumers' privacy as well.

Question 18. What do you think is the future of PPC marketing?

I think it's making it easier for you to run a campaign. Even now it's much simpler than it was ten years ago. I think from the user perspective, it's finding a balance of not feeling invaded. And I think voice recognition and the voice search will be a big thing ten years from now.

Question 19. What is average duration of the PPC campaign for your company:

From 2 weeks to one month.

Appendix 2. Company interview: Adcash

Skype interview with Stonebridge Rock

20th of December 2019

Interviewer: Veranika Imashava

43 minutes long

Question 1. What is your professional occupation?

I'm a Head of Marketing at Business Cover Expert and Stonebridge Rock. And we are an insurance brokerage and we've got to generate leads online.

Question 2. What are the marketing channels that you use on a daily basis?

We put dominant focus on online channels. We do PPC, Email marketing, we work with affiliates to generate leads for us.

Question 3. What PPC tools you are using

We use LinkedIn, Facebook, Google, Bing.

Question 4. Who are your main clients?

For us it's predominantly B2B customers as we are selling business life insurance so we make main focus on indirect sales. We are starting to look into B2C mortgages but it's nothing that we have really been focused on until the new year.

Question 5. What do you think are the main differences between PPC marketing from traditional marketing?

As for me, you can be much more reactive to what's going on around your business environment and business market. In addition to it you can measure your results instantly rather than having to wait. You can know whether your campaign is not working well and then reacting change if you need to. And sometimes this quick change can come when the campaign has been Live for an hour. We used to run Facebook campaigns and we used to spend quite a lot of money on them and we knew straight away already after two hours whether the campaign was successful or not.

Question 6. What is taken into consideration when choosing the between different PPC platforms?

For us while our product is quite niche so it's most important to make sure that we can reach our target customers that are not even aware of the product name. The reason why we picked Google and Bing is that our user would type "how can I get life insurance?" and then would arrive at our product. So it's the main lead generator for us. Whereas LinkedIn is more in order to raise awareness to the brand and raise awareness to the actual specific product because people don't really know much about that.

Question 7. With regard to the ad performance are there any country differences?

We only target customers within the UK. We cannot sell insurance outside so we don't have a lot of experience with that.

Question 8. Which platform (Facebook or Google) do you consider more effective in terms of attracting new users on the early stages of business development and why?

It has to be Google for us. Facebook doesn't work for us because as I said, most of the people are not actually aware of the name of the product they are looking for when it comes to us, life insurance company. For us, Facebook is just not that effective compared to Google Ads.

Question 9. How do you get the information about your potential customers and markets?

For us it's working closely with our sales team and looking at the type of customers that converted previously and at what cost and what sale. I mean, how much money this potential customer brought. And then doing buyers personas and targeting and testing these personas for different kinds of campaigns.

Question 10. What things do you take into account when running a PPC campaign? (like language, country, etc)

I think for us if we are talking about LinkedIn it's very specific in the job title and in the industry because some of them don't work for us at all. For Google it's the keywords, especially excluding the negative keywords that we don't want to bid on. There's a battle for us because obviously there's a big difference between business life insurance and normal life insurance

which a person might not know about. They might type “life insurance” and get hundreds of thousands searches and we don’t want to target them.

Question 11. What does the PPC marketing campaign process look like?

First, we took into keywords we are going to bid on. If the keywords are very similar to each other, then obviously we are going to exclude them from the campaign. Make sure that all the additional ad extensions are there as necessary. Once the campaign is set up then on a biweekly and monthly basis we optimise it making sure the keywords are bid correctly and our competitors are appearing below us. So basically, the conversion that we get is the cost that we want to have.

Question 12. How can you make sure that the campaign is going as planned?

Making sure on the daily basis that leads are coming as expected, depending on the time of the year and checking the cost of the lead. If you see that today the cost of lead is double that the cost of the day before then it’s definitely something is wrong with it so it’s a constant monitoring of constant changes.

Question 13. What are the main metrics that you use for monitoring the ongoing campaign?

For us the main focus is the cost per lead. We do obviously check impressions and clicks and landing page conversions but that won’t actually matter when the we need 400.000 pounds and instead we get 200.000 pounds.

Question 14. What do you think are the main challenges of running a PPC campaign?

For me it’s the constant changes and developments within each platform that you need to keep up with.

Question 15. What do the reports include?

For us if it is Cost Per Lead and on the marketing level we check how many of those leads converted into the sale and then how much money we get from those sales. After that we look at the ROI for those platforms, precisely how much we spend on Google campaigns and how much we generate.

Question 16. After the campaign, how do you measure whether the campaign is successful or not?

Conversion from a lead to the sale can take from two to three month so the initial results we look at are cost per lead and lead volumes from the marketing perspective. And then we would test the campaign for a month at least obviously if the lead volume is low and the cost is high then the adjustments will be made immediately.

Question 17. How are the results delivered to your clients?

There is a monthly report that is generated for the management team to review. I look back to the results of the previous month to check what the conversions are because for some of our clients it takes that long to convert into sales. So I have an expected percentage of sales for one month to convert from leads into the sales.

Question 18. What do you think is the future of PPC marketing?

I think it's making it easier for you to run a campaign. Even now it's much simpler than it was ten years ago. I think from the user perspective, it's finding a balance of not feeling invaded. And I think voice recognition and the voice search will be a big thing ten years from now.

Question 19. What is average duration of the PPC campaign for your company:

Normally, 1 month.

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