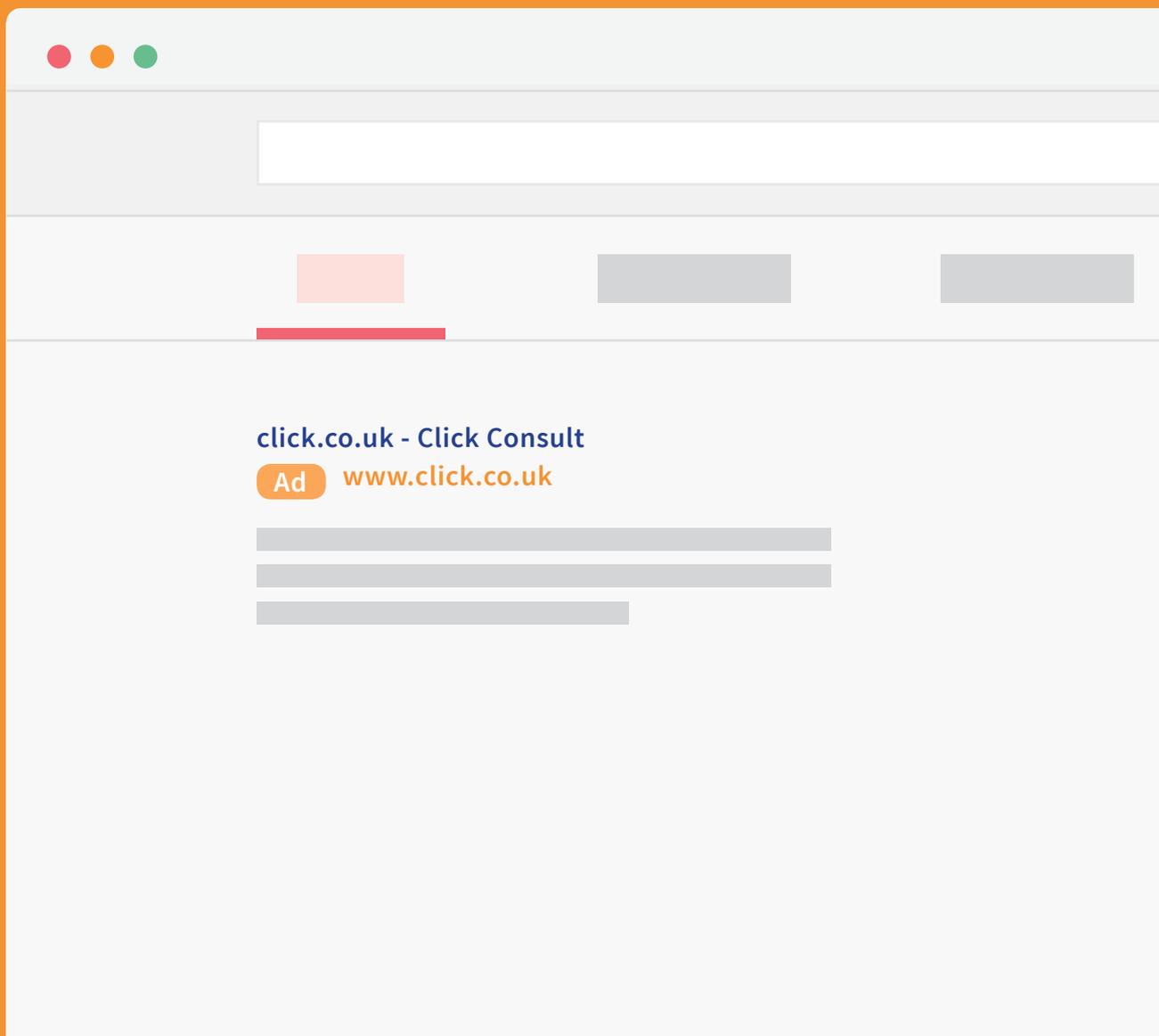




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# *A Beginner's Guide to...* Ad Rank



# The manner in which Google determines the position of paid advertisements is sometimes tough to grasp, so here we'll discuss what determines ad position and how to pay less for more.

## WHAT IS AD RANK?

The first thing to grasp about the Google auction system is that your maximum bid does not solely determine either your ad's position, or the amount you will pay for a click. In fact, the total paid for a position is determined by both the bid and Quality Score of an ad which feeds into something called an Ad Rank and is only ever as much as is required to exceed the score of the ad immediately below.

This, according to Google is driven not only by a desire to maximise user experience (UX), but also by simple economics. The better the UX of an ad, they say, the more likely the user is to click through and convert, the more often they do this, the happier the advertisers – equating to more ad spend and increased revenue for Google.

It is no wonder, therefore, that eventual Ad Rank is also influenced by ad quality and relevance in addition to maximum bid.

### Maximum bid

To begin with, we'll deal with how the monetary section of the auction works before moving on to other factors. The amount required to win an auction (provided all other factors are equal) is restricted (in the advertiser's favour) to the amount necessary to beat the next highest bid.

	Maximum bid	Ad Quality	Cost per click	Position
Company 1	£5	-	£3.01	3
Company 2	£7	-	£5.01	2
Company 3	£3	-	£3.00	4
Company 4	£9	-	£7.01	1

The above table shows two things – firstly, the importance of calculating the amount a click is worth to your brand and using that to calculate a maximum bid, and secondly that regardless of your maximum bid, the amount paid 'per click' is only that required to beat the next highest bid, or 'the minimum price required to sustain the current position'.

## QUALITY SCORE

### Expected click-through rate

This is based on historical data and therefore calculated on the past performances of similar ads against search terms. As mentioned previously, Google's aim is, at least in part, to provide the most relevant ads and the easiest way to determine this relevance is how well they perform. Therefore, it is important to ensure that your [keyword strategy](#) is well developed, the better placed your ad is within an historic frame of relevance the better the historical data will be to back up your ad's quality.

### Landing page UX

Again – as all quality signals do – this relies heavily on relevance, but carries additional requirements of being original, easily navigable and transparent (in terms of how captured data is used and stored). These terms themselves require little explanation, but – if we use eCommerce as an example – the message to brands is as follows:

- The product page to which an ad directs must feature copy/descriptions which are unique from those elsewhere (sometimes difficult to do if selling generic products, but never impossible).
- That the site structure is such that the page must link naturally and easily to other parts of the site for user exploration.
- That clear declaration of the use of cookies is present (as is a legal requirement).

### Ad relevance

Ad relevance is determined by language relevance (meaning keywords, intention signals and other similar language aspects). As with all quality signals involved in the quality scoring of ads, each one feeds into all other aspects. Applied to your match types – whether you are using broad, phrase, or exact match; this will determine the relevance of the ad text to the keywords chosen.

### Ad extensions

Ad extensions, according to Google are '[visual] enhancements to search ads that display information about your business more prominently', the most common of which are extensions with the ad – these range from the addition of call buttons, location extensions to site deep dives (where additional site pages are listed) as well as many others. Google sees these extensions as providing additional useful information which can be used to help the user determine whether or not the ad is one on which they would like to click.

#### Mushroom Foraging Tours

Ad [www.example.com](http://www.example.com)

Find chanterelle, porcini and oyster mushrooms with a fungi guide!  
"So impressed. Brought home a kilo of ceps." – [exampleblog.com](#)

#### Laptops - Laptops Available For Businesses

Ad [www.renjo.co.uk/laptop](http://www.renjo.co.uk/laptop) ▾

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## Ad quality and Ad Rank

The diagram to follow will show a simplified representation of how ad quality impacts on overall Ad Rank. To do this we're going to simplify the calculations a little. While not exact, the simplified charts are to facilitate understanding rather than to depict the precise method of measurement. We've allocated 'points' to both bid and quality which, though representative, should illustrate the points we're trying to make in a way that is transferrable to real world scenarios.

	Maximum bid	Ad Quality	Total Score	Position	Cost per click
Company 1	£5/5 points	10	50 points	1	£3.60
Company 2	£7/7 points	3	21 points	3	£6
Company 3	£3/3 points	6	18 points	4	Min. price
Company 4	£9/9 point	4	36 points	2	£5.25

As we can see in this simplified example, the addition of weighting for quality can completely change the dynamic of the Ad Rank. Company 1 is now in position 1 and is paying £3.60 for the privilege, rather than the £3.01 for position 3 it was paying previously. This is based upon Company 1 having accrued 50 points from the (Max Bid x Quality Score) calculation, while Company 4 is now paying 5.25 for position 2 (a drop of one place, though also a reduction in CPC).

As the amount necessary to reach the 36 point total for Company 1 (the total achieved by Company 4 – who hold position 2) is £3.60, this is the amount they pay. Similarly Company 4's cost-per-click is determined by the amount necessary to reach Company 2's haul of 21 points, and so on down the rankings.

Though, as mentioned previously, this is based on simplified calculations, it will hopefully give some indication as to the necessity of ensuring a proper max bid is calculated for your brand and that ad quality is sought after when creating any new ad campaign.

## Improving rank

As we can see, there are two ways to improve an ad's performance – there is bid adjustment and there is quality improvement. In this regard, the easiest and most cost effective way to improve the performance of an ad campaign is to ensure it is of the best possible quality.

In fact, the extra time and money put into developing quality ads can be recouped in a resultant reduction of the cost per click – and though bid adjustment always remains an option, in most cases it is better to look for quick gains in quality before increasing a bid.

## QUICK TIPS

- Ensure that the landing page to which your ad directs a user is unique, relevant and engaging.
- Use in-depth keyword research and buyer personas to maximise the relevance of your ad, not only to the product, but to potential searches, and searcher intent.
- Employ tools such as '[Keyword Planner](#)' to analyse historical data and ensure your ad capitalises on historic click-through performance.
- Make use of available, relevant ad extensions. There are plenty of ad extensions available to brands, and the time required to implement them is far outweighed by the benefits of it.
- Bid as much as a click is worth to you – though the bid amount is not a deciding factor often, it is better to have an amount in reserve to maintain a prominent position.

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## ABOUT US

We are a multi award-winning search marketing agency working with brands & SMEs that want a tangible, measurable return from their online budget.

Our website features an online [resources](#) section, full of useful eBooks. We also write a [blog](#), where you can find an abundance of search marketing tips. If you're feeling social, get in touch on [Google+](#), [Facebook](#), [Twitter](#) or [LinkedIn](#).

To find out how we can help you to grow your business and strengthen your search profile with paid search advertising, call us today on

**0845 205 0292**

Or visit our [website](#).



## WHAT OUR CLIENTS SAY

*"From the outset of the project, Click Consult clearly understood our business objectives and formulated a search strategy that would help to deliver commercial results across key product areas. They have been professional in their approach, shown great attention to detail and the results achieved to date have been thoroughly impressive. We are looking forward to a successful future partnership."*  
**LloydsPharmacy Online Doctor**

*"Click have really stepped up to the plate when it comes to performance marketing, their tenacity and desire to help us as a company improve is second to none. They're always offering up the best in cost per lead performance, which is seeing our ROI on digital marketing grow exponentially as our relationship goes on. Brilliant project planners, superb project delivery and results to boot, what more could you ask for?"*  
**Adjustamatic Beds**

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