

Developing a Search Engine Marketing Strategy for Casual Games for International Markets – Case Studies on European Markets

Thesis

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Eidesstattliche Erklärung

Ich erkläre hiermit an Eides statt, dass ich die vorliegende Thesis selbständig und ohne unzulässige fremde Hilfe angefertigt habe.

Die verwendeten Quellen sind vollständig zitiert.

Dublin, den _____

Sylvia Wolf

“PopCap makes gamers out of people who don’t think they like video games.”

JASON KAPALKA, POPCAP GAMES FOUNDER AND CREATIVE DIRECTOR

Abstract

THESIS

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Pay per click marketing – or search engine marketing, as it is called at PopCap Games – is a very diverse topic. A lot of different things need to be considered when running a pay per click campaign. The online marketer has to find a way to address the right target group by deciding on the keywords. He/she also needs to write text ads that appeal to this target group and make the search engine users click on this text ad. The theory of how all of this can be achieved and how exactly to do this is described very detailed in this thesis.

Special attention is paid to the casual games market throughout the whole thesis. The company PopCap Games produces and publishes casual games and needs to develop a strategy for their online marketing initiative. Since casual games is a very specific niche market, special attention needs to be drawn to the target group of this market in order to develop successful search engine marketing campaigns.

After the theory part, the case studies performed within this thesis are described detailed. First of all a market analysis was performed to be able to track the achievements of the case studies. After that, the search engine marketing campaigns were run. The approach on those case studies, performed in several European countries, will be described. This includes amongst other things examples of the text ads that are part of the pay per click campaigns. The results of those case studies are tracked as well and the conclusions that are made of those results are outlined.

The last part of this thesis deals with the strategy for future search engine marketing campaigns based on the case studies that were performed within this thesis. PopCap Games will extend and improve all search engine marketing campaigns of PopCap Games. What exactly this will be is outlined at the end of this thesis and includes a time schedule, that shows the timeframe and order of the implementation of the next steps that will be done during the next six months.

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List of Abbreviations

CPA	Cost per action / Cost per acquisition
CPM	Cost per mille = Cost per thousand
CTA	Call to action
SE	Search Engine
SEM	Search Engine Marketing
SEO	Search Engine Optimisation
ROAS	Return On Advertising Spending / Return On Ad Spend
ROI	Return on Investment
CPC	Cost per Click
CTR	Click Through Rate
PFP	Pay-for-Placement
SERP	Search Engine Results Page
CR	Conversion Rate
FIGS	French – Italian – German – Spanish / France – Italy – Germany – Spain
EFIGS	English(UK) – French – Italian – German – Spanish / UK – France – Italy – Germany – Spain
EIAA	European Interactive Advertising Association

1 Introduction

A major part of the sales cycle is marketing. It is that important, because it draws the attention of potential customers to the product and inspires the customers needs. Although there exist already a lot of books and studies on marketing, a relatively new field of it is online marketing. It differentiates a lot from the traditional marketing because customers can go directly to the product-page with only one click and purchase the product immediately, if they wish to. They don't have to remember the advertisement until they get to a shop where they can buy the product. Because of this, the goal of advertising on the internet is not only to be as memorable as possible, but to encourage the customers to click on the advertisement and purchase the product immediately. This part of the marketing field is especially grave for companies, that sell their products only or mostly online. There exist three different types of online marketing: pay per click advertising, search engine optimisation and banner advertising. Of these three techniques, the pay per click advertising – or search engine marketing – has the best opportunities to control the campaigns, track the results from the campaign and even change running campaigns.

The casual games sector is a very fast growing market. One of the threads this market has to fight with – like the movie and music markets as well – is illegal downloading of the products on the internet via shareware programs. Having this in mind, the offer and the advertisement for it has to be extraordinarily good to convince the customer to purchase a game. This is a huge challenge for the suppliers of those casual games.

As part of this thesis several case studies in various European countries, including the UK, Germany, France, Spain and Italy were performed. The results of those case studies will be the basis for more search engine marketing campaigns throughout the world that will be performed in the near future. Therefore it is very important to gather all the lessons learned from these case studies in order to use this new knowledge to create even better campaigns in the future.

2 PopCap Games

This dissertation is developed in collaboration with the companies PopCap Games and PopCap Games International. All case studies performed in connection to this thesis are made with data related to the business of those companies.

2.1 The Company

PopCap Games is a US-based company with its headquarters in Seattle, USA. It produces and publishes casual games for PCs, Macs, mobile phones, PDAs, Video Game Consoles, iPod and Blackberry devices, Pocket PCs and even on leading airlines in the USA on their in-flight entertainment systems. Those games are sold through multiple channels: on the company's website, which was localised in September 2007 into the most important European languages, as cd-roms in game stores and on homepages of partners. Those partners sell casual games of several games publishers and earn a certain amount of money per each sold game from the publisher. They will be discussed in detail in chapter 5.2.

PopCap Games currently has 150 employees and another 50 employees in their subsidiary company PopCap Games International, which has its headquarter in Dublin, Ireland.

The best known games of PopCap Games are Bejeweled – and its follow-up Bejeweled 2 – Zuma, Chuzzle and Peggle. All of which have won multiple awards, e.g. one of the “5 Most Addictive Video Games of All Time” award by MSNBC.com for Peggle in 2007. (cp. www.popcap.com)

The magazine Computer Gaming World summed up the success of PopCap Games perfectly by saying: “PopCap's ultimate achievement is in taking simple elements that anyone can learn and turning them into raging, overwhelming obsessions. It's something commercial games with 50 times the budget often can't match.” (www.popcap.com)

The success of this can be measured by more than 10 million PC/Web units of Bejeweled that have been sold since 2001. Bejeweled has also been installed on more than 50 million mobile phones in North America since the launch of the mobile version in 2005. And its follow-up Bejeweled 2 was downloaded more than 100 million times since its 2004 launch. The download count of all PopCap Games' products from their own website Popcap.com adds up to over 350 million times since 2000, even more than a billion times from all of PopCap Games' online distributors. (cp. www.popcap.com)

2.2 History of the Company

PopCap Games was founded in 2000 by John Vehey, Brian Fiete and Jason Kapalka. They revolutionised the casual gaming industry with their first game, Bejeweled. Instead of funding the game by online advertising (as everyone else in the industry did) they put an online version of the game on the internet for free, and created a deluxe version of the game with better graph-

ics and more levels that could be purchased for download. This concept of “try before you buy” was a big success and is by now the industry standard, even though noone except for the PopCap Games founders believed in this approach in the beginning. Part of that success is due to the popularity of the game Bejeweled, with which PopCap Games established their “try before you buy” sales model. It was even inducted to the Gaming Hall of Fame, as the first puzzle game after Tetris, 23 years before.

In early 2006 there was a new office established in Dublin, Ireland, as headquarters to the subsidiary company PopCap Games International. This office grew rapidly and currently employs 50 people “who work on everything from product localisation to mobile games development, marketing, sales and business development.” (Popcap.com) Another office was founded in Shanghai in 2007 to work on localisation of the games into the Asian languages and step into the Asian market.

PopCap Games also acquired SpinTop Games in July of 2007. SpinTop Games produces casual games that are based on the gaming principle of games like Solitaire and Mahjong.

2.3 FIGS website launch

On 30th of August 2007, new localized websites in German, French, Spanish and Italian were launched. Before that day, the localized sites consisted only of small micro sites, promoting the few already localized games. Everything else, like the sites presenting each game were not localized before and were only available in English. A screenshot of the old German landing page can be seen in figure 2-3:

The screenshot shows the German landing page for PopCap Games. At the top, there is a navigation bar with the PopCap logo, a shopping cart icon, a 'Hilfe' (Help) link, and a language dropdown menu set to 'Deutsch'. The main content area is divided into several sections:

- Hammer Heads:** A new game advertisement with a 'NEU' (New) badge. The text asks if the user can control garden gnomes and shoot them. It includes two small screenshots of the game and buttons for 'Spiel online', 'Downloaden', and 'Kauf'.
- BEJEWELLED 2:** An advertisement for the puzzle game. The text describes it as a more exciting version of the original. It includes two screenshots and buttons for 'Spiel online', 'Downloaden', and 'Kauf'.
- ZUMA:** An advertisement for the action game. The text describes it as a challenging game where the user shoots balls to form groups. It includes two screenshots and buttons for 'Spiel online', 'Downloaden', and 'Kauf'.
- Chuzzle:** An advertisement for the puzzle game. The text describes it as a game with cute characters. It includes two screenshots and buttons for 'Spiel online', 'Downloaden', and 'Kauf'.
- INSANIQUARILIM!:** An advertisement for the action-puzzle game. The text describes it as a game where the user feeds fish and fights aliens. It includes two screenshots and buttons for 'Spiel online', 'Downloaden', and 'Kauf'.
- Weitere Spiele!:** A section with a large 'Weitere Spiele!' (More Games!) button and text encouraging users to explore more games and translations.

Figure 2-0-1 Screenshot of old German landing page

Since the relaunch, there are two different homepages. One, called “New User Homepage”, for people who visit the website for the first time or deleted their cookies since their last visit at popcap.com. The other one for users that already visited the website and have not deleted their cookies since then. Figures 2-4 and 2-5 show the New User Homepage as well as the Standard User Homepage. The purpose of the New User Homepage is to point out the difference between the online games and the download games. People didn’t always know about that difference and

wondered why they should bother to pay for the download games if they can play those games for free online. Because of that, the New User Homepage states clearly that the download versions of the games have more levels and better graphics. When clicking on the “more info”-button, the customers come to know that they also can save their progress in the game and highscores. The Standard User Homepage on the other hand tries to draw the customers’ attention more on the download games than on the online games, intending that they download and purchase the games.

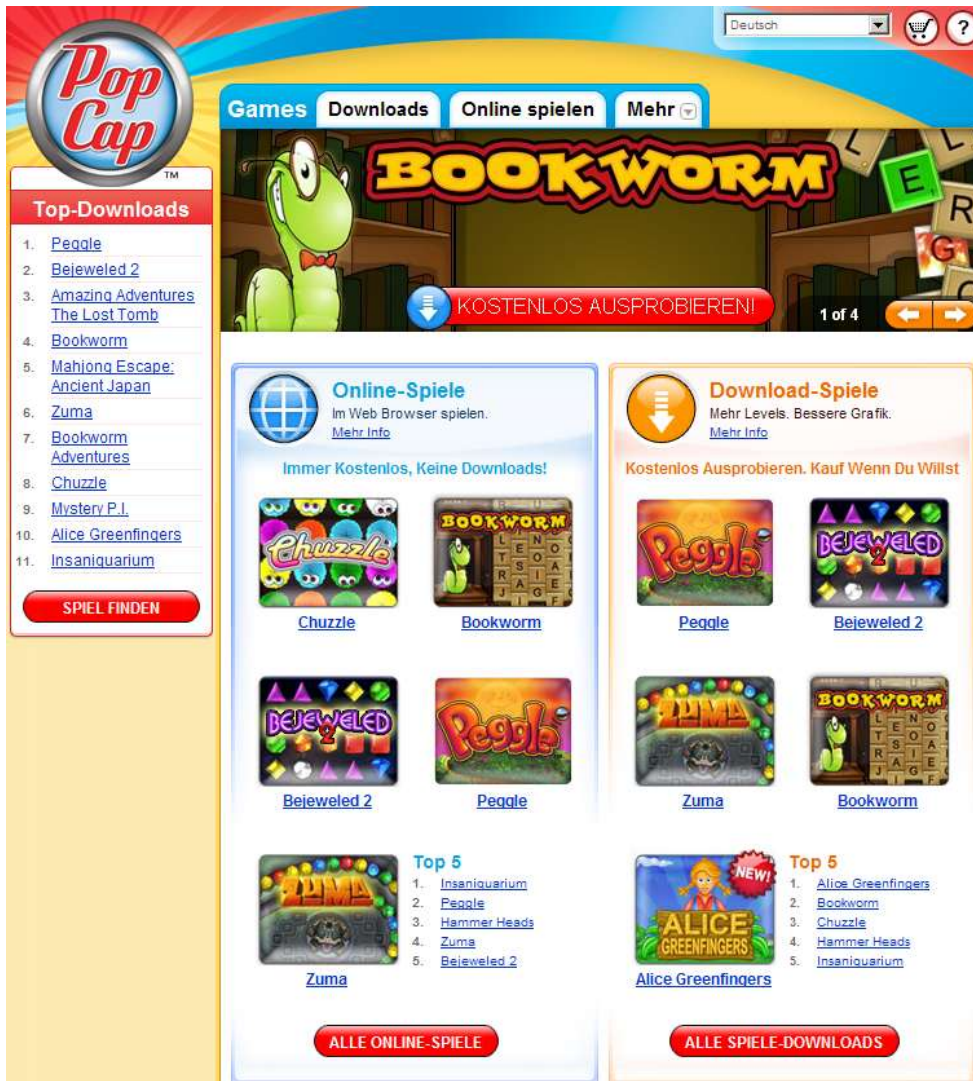


Figure 2-0-2 Screenshot of current German New User Homepage

The screenshot shows the German Standard User Homepage of PopCap Games. At the top, there is a navigation bar with 'Games', 'Downloads', 'Online spielen', and 'Mehr'. A large banner for 'BOOKWORM' is prominently displayed, featuring a 'KOSTENLOS AUSPROBIEREN!' button. On the left, a 'Top-Downloads' sidebar lists 11 games: Peggle, Bejeweled 2, Amazing Adventures The Lost Tomb, Bookworm, Mahjong Escape: Ancient Japan, Zuma, Bookworm Adventures, Chuzzle, Mystery P.I., Alice Greenfingers, and Insaniquarium. The main content area is divided into two sections: 'Die beliebtesten Spiele-Downloads' and 'Die beliebtesten Online-Spiele'. The 'Downloads' section features four games: Peggle, Bookworm, Alice Greenfingers, and Bejeweled 2, each with a 'KOSTENLOSER Spiele-Download für PC!' link. The 'Online-Spiele' section features six games: Bookworm, Peggle, Bejeweled 2, Zuma, Chuzzle, and Insaniquarium, each with a 'KOSTENLOSE Online-Spiele' link. On the right, a 'Neueste Spielveröffentlichungen' sidebar lists six recent releases with their release dates: Mahjong Escape: Ancient Japan (12/10/07), Amazing Adventures The Lost Tomb (10/30/07), Alice Greenfingers (09/18/07), Mystery P.I. (08/07/07), and Venice (06/21/07). A 'SPIEL FINDEN' button is located at the bottom of the sidebar.

Figure 2-0-3 Screenshot of current German Standard User Homepage

This re-launch was an important step for the international business of PopCap Games and as such was announced in a press release. This was also the kickoff for the international marketing efforts of PopCap Games.

3 Casual Games

A lot of different types of computer games exist. Casual games are played on the computer or other digital devices such as mobile phones or PDAs. They have simple rules and no complex level design, which makes them fast to learn and easy to play. Each level takes only a few minutes to complete. Because of that, those games can be played for a short time if one wishes. That gives one the opportunity to play during work breaks, lunchtime etc. On the other hand they have an addictive influence on the player. The person playing the game is proud when having finished a level successfully, is eager to master the following level as well. This combination of entertaining game play, ease of play and addictiveness makes those games very successful. (cp. www.popcap.com)

Casual games are usually sold on gaming portals, often part of more universal portals like msn.com for example. Most of those gaming portals sell the games through the “try before you buy” sales model. The prospective customer can play online versions of the games, that don’t offer the full game experience – e.g. simpler graphics and level design and no possibility of saving high scores – and even download the full versions of the games and play them for a limited time. If they enjoy the game play and decide to purchase the game, they receive a code via e-mail that unlocks the game. After unlocking it, the downloaded game can be played with no time limit and with all available functions.

The reason for making the trial versions of the games available to the prospective customers is, that people are more willing to spend money on these kind of games, if they know exactly what they will get for their money. As Dave Roberts, CEO of PopCap Games puts it:

“The ‘try before you buy’ sales model means we have virtually no dissatisfied customers. If they can play the game in all its deluxe glory for an hour, they have a far better idea how much that game really appeals to them. This may sound hackneyed, but these products really do have to sell themselves.” (www.popcap.com)

4 SEM

Search Engine Marketing (SEM) –or Pay Per Click (PPC) marketing, as it is commonly known in literature as well – is one of three different types of online marketing. The other two parts are Search Engine Optimisation (SEO) and Banner Advertising. Exactly what they are, how they work and the advantages and disadvantages of those different techniques will be discussed in more detail in chapter 4.1.

Surveys of the European Interactive Advertising Association (“EIAA”) show the behavior of European internet users and online buyers/shoppers. According to their “Online Shoppers 2008”-report (for which 7,008 people from UK, Germany, France, Spain, Italy, the Nordics, Belgium and the Netherlands were interviewed) 76% of online shoppers use search engines as a key source of information. This is even more than personal recommendations, with ‘only’ 72%.

This survey also stated differences between the users of the European countries in question. According to that study, most purchases were made by people in the UK and Germany. Figure 4-1 shows the exact numbers of purchases for the 5 countries that will be part of the case studies in this thesis. Overall, computer games were purchased by 12% of online shoppers in Europe.

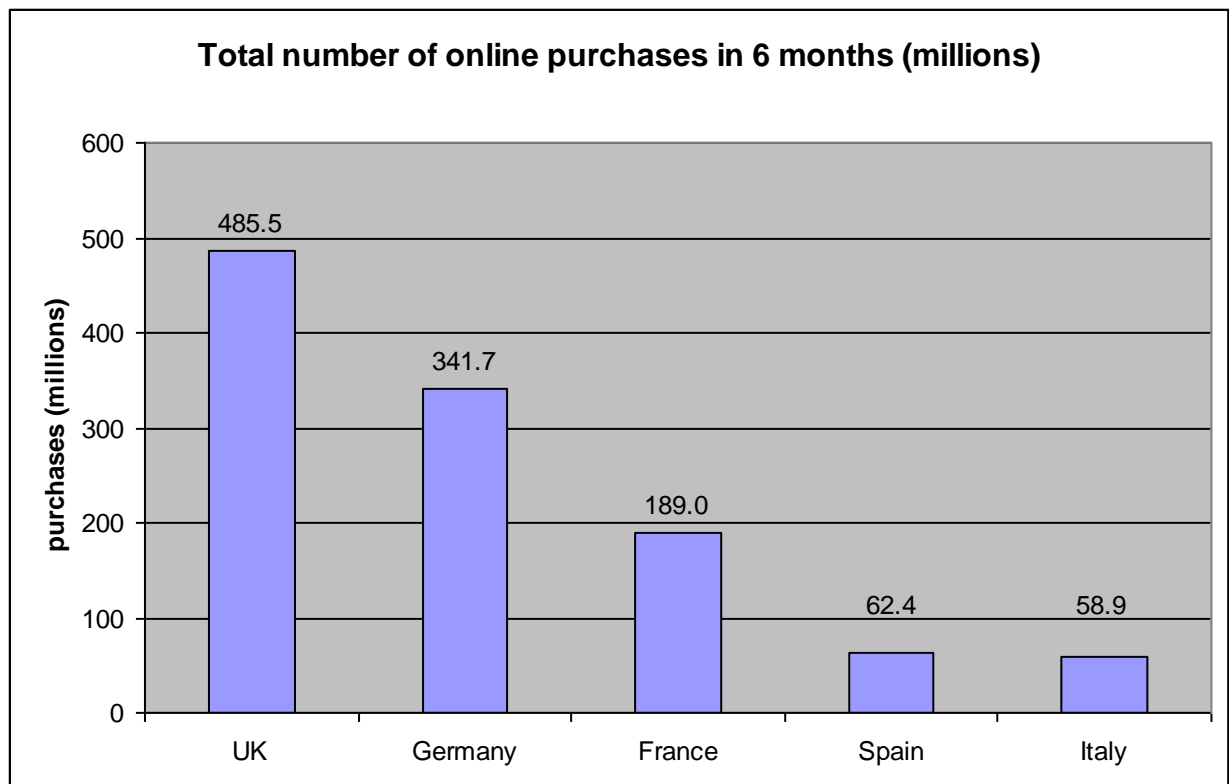


Figure 4-0-1 Number of online purchases of European online shoppers (Source: www.eiaa.net)

Another interesting survey of the EIAA is the “digital mums” report. It specialises on females with children under 18 years of age. This is also the main target audience of PopCap Games. According to that survey, 16% of those “digital mums” enjoy playing games on online gaming sites. It is the intention of PopCap Games, to have those 16% of “digital mums”

playing at popcap.com instead of other gaming sites and trying to increase that number. (www.eiaa.net)

Before examining the topic more closely, it is important to define the term of SEM. Although in literature this form of marketing is usually addressed to as pay per click (also sometimes written pay-per-click) marketing (cp. Mordkovich, 2007 and Gay, Charlesworth and Esen, 2007), at PopCap Games the term SEM is more commonly used for this type of online marketing.

First of all some definitions of the term, to be found in literature, will be introduced. A further accurate description will follow subsequently.

“Pay per click (PPC) is the placement of a small “ad” on the search results page for a specific keyword or keywords in return for a specified payment when a visitor actually clicks on that ad.” (Mordkovich, 2007, p. 6)

“Pay-Per-Click (PPC) Advertising: A method of marketing where a business pays a certain amount of money each time someone clicks on a small ad on a search engine’s results page or homepage and is then taken to the advertiser’s website.” (Mordkovich, 2007, p. 180)

“Pay-per-click (PPC) The payment model used for sponsored search advertising. Advertisers set bids on their keywords and pay only when searchers click the search results listing associated with those keywords.” (Barocci et al, 2007, p. 255)

“Pay per click advertising at search engines can be described most easily as follows: The placement of a small text only advert on the search results page which is triggered by a specific keyword or phrase being typed in a search box.” (Gay, Charlesworth and Esen, 2007, p.226)

“Pay Per Click A performance-based method of paying for online advertising whereby payment is made for each click made on a displayed advert – no clicks, no fee. Also known as CPC (cost per click) and CPA (cost per action)” (Gay, Charlesworth and Esen, 2007, p.528)

This basically means that there are text based advertisements displayed on a search engine results page next to the natural search listings. Those Text ads are highlighted by the search engines with names like “sponsored links” and are usually on the right hand side of a results page, clearly differentiated from the natural search results that are displayed on the left. Sometimes one or two of those advertisements are displayed on top of the list, over the organic search results, highlighted through a different background color. The advertising companies can decide which keyword-searches performed by the search engine users their ad should appear. (Gay, Charlesworth and Esen, 2007, p.226) The main components of a search engine marketing campaign are the defining of the important keywords, the bidding on the keywords and a good written text ad with a good call to action. The advantage of this method of advertising compared to banner ads is that the advertiser only has to pay when someone actually clicks on the ad, and not only for impressions, which the customer might not even see. Search engines show up to 8 Text ads of sponsored links on one page. The order of what text ad is displayed and in which position is defined by how much every single advertiser is willing to pay for the searched keyword. The model of pay per click advertising is based on a bidding system.

One of the advantages of the pay per click method is that the audience is already targeted, because the people are actually looking for something related to the product the company is offering. (cp. Mordkovich, 2007, p. 15) Whereas banner advertising on the other hand side shows the advertisements to customers that are not necessarily interested in it. They might only be interested in the website where the banner ad is displayed and not even look at the banner ad or ignore it because they are not interested in purchasing anything.

Besides this, the online marketer has also the possibility to target customers by country and even by regional area or city. This function was released in 2004 by Google. It makes online marketing available to locally situated business like restaurants for example as well as international companies that want to sell their products outside of the USA. (cp. Mordkovich, 2007, p. 18 and 89 et seqq.)

Google also offers the possibility to display the text ads not only on search engine results pages but also on websites, clearly displayed as advertising by Google. This function is called content network. The online marketer has influence on the websites where his text ads will be shown at, especially concerning the content. Although it is very hard for the online marketer to have influence on any other part of the campaign. Besides, the analysis of the data is not very convenient, because not all parameters can be displayed as the online marketer might want them to. (cp. Mordkovich, 2007, p. 64-76)

A very important topic when talking about pay per click advertising is the differentiation between “good traffic” and “bad traffic”. This topic affects mainly PPC-advertising, since the advertiser pays for every single click, whereas in banner advertising the payment method is pay per impression. The intent of a pay per click advertising campaign is not only to make people click on the advertisement and visit the advertised website, but to attract people, who are interested in the product. Whereas in banner advertising the advertiser gets charged for every impression – no matter if the site-visitor sees the ad and clicks on it or not – at PPC advertising, every click costs money. Because of this, the text ad should not just try to attract as many clicks as possible, but attract clicks of people who are really interested in the product and are more likely to purchase it. There are different methods to try to achieve this goal, both on the keyword related side as well as on the text ad side. In the following chapters, dealing with keywords and text ads, the topic of avoiding “bad traffic” will be covered. In banner advertising, the only way of getting better converting traffic is to choose the websites, where the banner ad will be displayed very carefully.

A risk of pay per click advertising, however, is the so called text box blindness. Internet users developed the banner blindness after banner ads have been used on websites frequently for several years. The people mainly just do not realise a banner ad anymore or don't give it any interest at all. Banner ads are seen as a necessary evil to help a lot of websites to offer free content. It is feared by many search engines that this phenomenon might happen again with pay per click advertisements. Although it might not happen any time soon, because the search engine users are actually looking for something when using a search engine. They do not only read the content of a site, they are looking for information or things to buy or other things like that when using a search engine and looking at the search engine results page. Therefore it is very likely, that people do not actually develop a text box blindness. (cp. Goodman, 2005, p. 65)

Andrew Goodman states in his book “Winning Results with Google AdWords” that international pay per click campaigns in his opinion don't work. He argues that the markets of countries outside the United States, Canada and maybe the United Kingdom are too small to convert and that running PPC campaigns there are a waste of money. (cp. Goodman, 2007, p.

103) Another argument to second his point of view is that the effort of translating the keywords and text ads in different languages is too big. On the other hand there are products – for example casual games, amongst others – that have a huge consumer base and sell very well in other markets also. If the resources to translate keywords and text ads are available, an attempt to get international SEM-campaigns going might be worth it. This of course only makes sense, when the company actually sells their products in the relevant countries and those products are localised into the targeted languages. But there is no reason, why pay per click campaigns should not work in other countries, as long as consumers are interested in the products the company sells.

4.1 Other Online Marketing Techniques

Search engine marketing is one of three different types of online marketing. The other two techniques are Banner Advertising and Search Engine Optimisation (SEO). In the following chapters, the functionality of those two techniques will be explained. Furthermore, the advantages and disadvantages of every type will be explored.

4.1.1 Banner Advertising

The first thing that comes to ones mind when hearing the term “online marketing” is often banner advertising. It is the most obvious form of online marketing since it has partly similar characteristics to offline promotion, especially billboard advertising and even advertisements on TV.

Banner advertisements are graphics, that are often – but not necessarily – animated. They are displayed on websites and link to the advertisers’ homepage or to a landing page respectively. The pricing is based on a fee for every thousand impressions of the advertisement, whether the potential consumer actually saw the advertisement or how many people clicked on the ad. This pricing model is called CPM. The price depends on the size of the advertisement – there are several different standardised sizes for banner ads, the customer base of the website that displays the ads, and how targeted the ad is. (cp. Gay, Charlesworth and Esen, 2007, p. 393 et seq.)

Banner advertising is more advantageous than the other two online marketing types because the online marketer can use eye-catching graphics – even animated graphics – and is not limited to a special size. There are several standardised sizes for banner advertisement, depending on the preference of the online marketer.

On the other hand side, they can’t be targeted as well as SEM ads. The marketer can choose the websites where the advertisements will appear, or at least can choose preferences of homepages. But it is not said, that the people visiting those websites are actually interested in the advertised product or notice the advertisement at all. Because banner ads are frequently used on websites and have been for several years now, people developed the so called “banner blindness”. This means, that they started ignoring the banner advertisements completely because they were annoyed by them. So they do not look at the banners anymore, even if they did advertise something that could be interesting to the person. (cp. Goodman, 2007, p. 65) This banner blindness leads to a very low click through rate.

4.1.2 SEO

Search engine optimisation deals with the methodology of optimising the website to meet the requirements of search engines to be rated as a relevant site and therefore be linked to when a person queries for a keyword that is rated relevant for this site. Unfortunately, the parameters of the search engines change on a regular basis. Besides, the search engines do not make public how exactly they rate the websites. The spiders (also called crawlers) search the World Wide Web for websites, usually following links from websites they already visited. They rate the relevancy of a website and add this entry to an index. When a person searches for a keyword that has been rated important, the website will show up on the search engines results page, showing the best matching index entries for the queried keyword.

Although no one knows exactly how search engines rate the websites, there are a few things that an online marketer should consider when trying to optimise his/her website for the specifications of the search engines. This includes the use of meta-tags, the frequency of using the most important keywords in the text, as well as how many already relevant-rated websites link to the site and other things. (Gay, Charlesworth and Esen, 2007, p.107 and p. 219 et seq.)

SEO is the hardest of the three online marketing types to be successful in. The advertiser is dependent on the search engines. And it is more a guessing game than really knowing what works and what does not work. The parameters of the search engines for rating websites change on a regular basis. Besides, it can take some time until a spider of a search engine comes by after the website was redesigned. The marketer cannot influence the visit of a crawler. But it is very important to have a good optimised website. People still trust the natural/organic search listings on the search engines the most. They expect that the search engines find the most relevant websites for them.

Because of the mode of operation of the search engines, they don't immediately realise changes on websites. When the online marketer changes something on the website, he has to wait until the spider of the search engine will visit his website again to re-rate it and include the changes in its index. This can under certain circumstances take longer than the marketer desires.

4.2 Advantages and Disadvantages of SEM

There are several advantages of search engine marketing over banner advertising and search engine optimisation. Compared to banner advertising, the investment is relatively small. The online marketer can set a maximum daily budget for the campaign, and so there is no danger of suddenly unplanned overspending. The marketer has control over every parameter of the campaign: the text of the advertisement, the keywords at which the text ad shows up, the targeted countries and day parting. As soon as the campaign is set up, it goes online almost immediately. The text ads usually have to be reviewed by employees of the search engine, but that is usually done within only a few hours. As fast as such a campaign can be set up, it also can be easily and quickly changed. This is particularly beneficial to seasonal or other special marketing initiatives. (cp. Mordkovich, 2007, p. 13 et seq., Mordkovich, 2007, p. 16 and Goodman, 2007, p. 19) According to Mordkovich, the advertisements are shown in a

very prominent position on the search engine results pages. But this depends on the search engines. At Google for example, the text ads are usually shown on the right hand side of the search engines results page, whereas the natural search listings are shown on the left hand side. Although occasionally one or two ads are shown on the left side above the organic search results, highlighted by a different background color.

According to studies, tracking the eye movement of computer users, the top left corner of a site is the most prominent spot where people usually start reading or scanning the page. After that they either go to the middle right and then to the bottom left or in the form of the letter “F” along the first line, then back to the left, further down, again following a line to the right and going back to the left again and further down. (cp. Goodman, 2005, p. 64; Barocci et al, 2007, p. 87)

This study shows, that basically only the ads, that are shown above the natural search results are in a prominent position. The ones on the right side are only seen, when the user is interested and stays on the search engine results page for a longer time.

Another advantage of pay per click advertising is, that the click through rate (CTR) is better than it is with banner advertising. The reason for the low CTR of banner ads is already stated in chapter 4.1.1. In contrast to this, the audience of pay per click advertising is already “prequalified” because they are looking for something the advertiser is offering. They actually want something, either information or purchasing. (cp. Goodman, 2005, p. 63)

But although there are a lot of advantages to SEM, there also exist disadvantages. For example is it not possible, to add any kind of graphics to the text ads. Besides, the space for those text ads is very limited and there exist further restrictions to the content and punctuation of the texts. It is very hard to differentiate from the competitors, because everyone has to follow the same restrictions. The text ads look all very similar and the search engine users have to actually read what the advertisement says to know what it is offering.

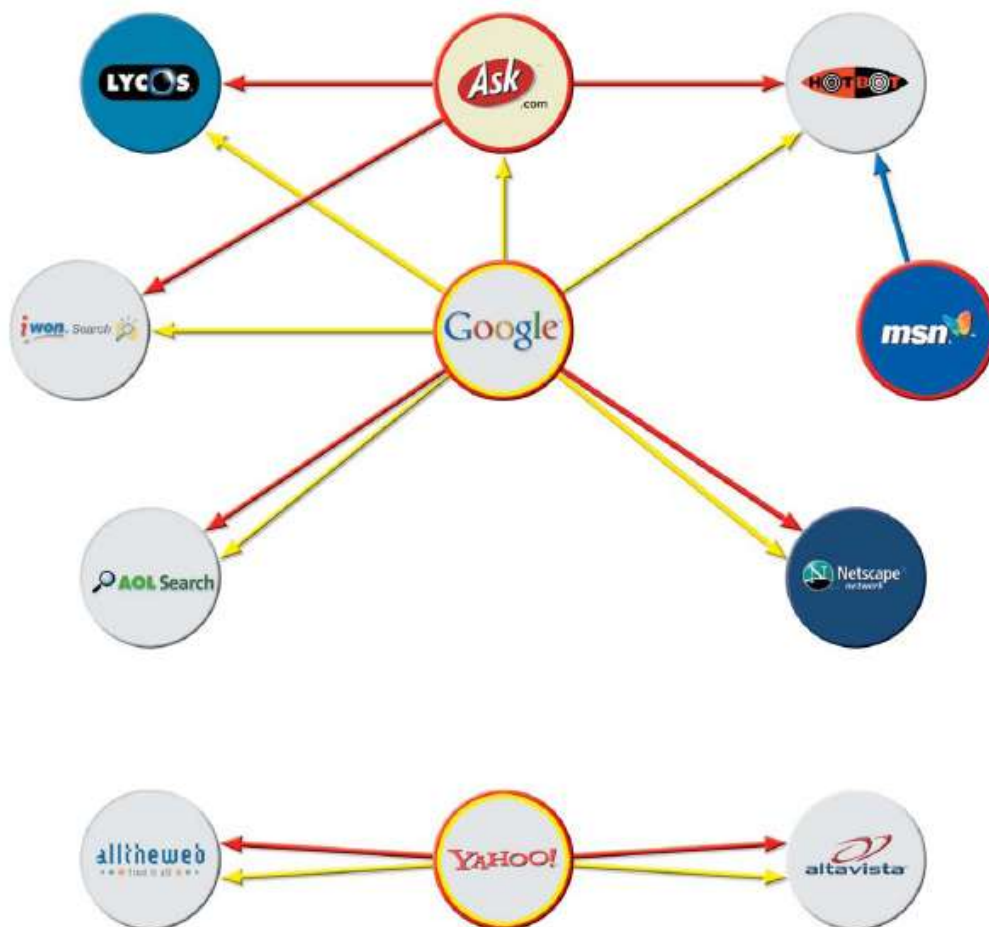
4.3 Search Engines

SEM and SEO are marketing tactics that mainly rely on search engines. According to Gay, Charlesworth and Esen, “Around 80% of site visitors arrive via a search engine.” (Gay, Charlesworth and Esen, 2007, p.107) To understand how those tactics work, the marketer has to know how search engines operate. SEs crawl the web and create indexes. When someone types in a query, the SE does not go out onto the web and looks for those sites but looks what previous created index-entries match that query. (cp. Gay, Charlesworth and Esen, 2007, p.212) Those search results are called “natural listings”, “organic listings” or “primary search results”. Additional to those organic search results, there are so called “sponsored links”, also referred to as “Pay-Per-Click-Ads” (PPC) or “paid listings”. Another important point is, that not every search engine collects the data itself. A lot of search engines get their data about websites from other search engines. Those relationships between the different search engines change regularly. An up-to-date detailed chart of these relationships between the most important SEs can be found on BruceClay.com. (cp. Seda p. 19 and Goodman p. 67) As can be seen in figure 4-2, downloaded from bruceclay.com on 21.01.2008, Google supplies many other search engines especially with paid results, but also with primary search results. The SEs, that get paid results from Google are: Lycos, Ask.com, HotBot, iwon.search, AOL Search and Netscape. Primary search results are only provided to AOL Search and Netscape from




Google. Ask.com provides primary search results to Lycos, HotBot and iwon.search. Completely independent from those coherences, Yahoo provides alltheweb and Altavista with primary search results as well as paid results. Knowing these connections is very helpful for running Search Engine Marketing campaigns as well as Search Engine Optimisation campaigns. It means, that the online marketer can concentrate on the main information providing search engines Google, Yahoo and Ask.com but still can be sure, that the ads will be shown by most of the other search engines, too.

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Figure 4-0-2 Bruce Clay Search Engine Relationship Chart (21.01.2008)

It's very important that online marketers know the difference between SEM and SEO. Both have to do with search engines, but SEM is a more active kind of marketing, where the marketer has control over when the ad shows up and what exactly the ad says. Besides, it is very easy to see the results of that marketing because every click can be traced. SEO on the other hand is more about optimising the website, so that the crawler of the search engine rates the website as relevant for the user when it visits the page and collects the data. This process of optimising is "very complex, as key parameters change on a regular basis". (cp. Mordkovich, 2007, p. 8)

"Web sites that lack search engine visibility are losing business. Second only to email, the most popular activity for U.S. Internet users is information search—67.3% of users perform searches, according to the U.S. Department of Commerce." (Seda, 2004, p. 11)

Goodman calls the principle of Search Engine Marketing "Request Marketing". He points out that, in contrast to other marketing principles (he calls them permission marketing), where companies flood the consumers with mass e-mails and so on Request Marketing works the other way around, consumers get the advertisement only shown when they search for something related to the product on a search engine. (Goodman, 2005, p. 73)

In the following there will be presented two search engines, including their advantages and disadvantages especially for search engine marketing. Those are the two biggest search engines on the internet, Google and Yahoo!.

Google is the leading search engine on the internet. The brand name itself attracts a lot of internet users. As stated before, Google delivers its search results to many other search engines, especially the paid search results. Therefore the advertisements will be seen by many people, even if they do not use Google as their primary search engine. Google rates the text ads not only by the amount of money paid for a bid, but also on previous click through rates. The exact ad position is calculated as a ratio of the maximum bid and the click through rate. If a text ad is very well written and attracts a lot of clicks, this text ad will be shown more prominently in a higher ad position. Even if someone else might bid more per click. The bidding system is very advanced, which results for example in the fact that everyone has only to pay 1 cent more than the next lower bid of a competitor. The signup process is very quick and the campaigns go live almost instantly, after a short review of the text ads by Google employees. Although the online marketer should be aware of the fact that it still can take some time for Google to review the ads if someone else just added a big amount of new text ads, especially in other languages than English. Google demands no monthly fees and not even any minimum monthly spend. Another big advantage, especially when trying to have many international campaigns, is the amount of countries that can be targeted with a Google campaign. The list of countries that can be targeted contains over 225 countries. Besides, there are 6 different languages supported by Google as well as 6 international currencies. The possibility to set a maximum daily budget prevents the online marketer from spending more money on the campaign than he planned. Google allows online marketers, to have multiple text ads for a single AdGroup. This makes A-B split testing for different text ads very easy and convenient. (cp. Pay Per Click Analyst)

Yahoo! has a very big customer base as well. Formerly known as Overture.com, the search engine was bought and renamed by Yahoo!. Overture.com came first up with the concept of paid advertisement on a results page of a search engine. According to Pay Per Click Analyst, Yahoo! paid advertisement is not only shown on alltheweb and altavista – as can be seen on the search engine relationship chart by BruceClay.com, but also on MSN, MetaCrawler.com and the InfoSpace Network. But on the other hand side the online marketer has to

spend at least USD 20 a month and the keyword stemming system is not in favour of online marketers. The cost per click is higher than the average at other search engines. Besides, the time to receive an answer on an e-mail to customer service seems to be higher than at other search engines. (cp. Pay Per Click Analyst)

4.4 Keywords

Keywords are the words, that the online marketer chooses at which he wants his text ads to show up, when a consumer types them into a search engine. An online marketer has to decide, what keywords are important for the company/marketing strategy and how much to bid on them.

According to Seda, there are two different types of keywords. Those are branded and generic keywords. Branded keywords are terms, that are only associated with one company. For example the companies name as well as names of the products and services the business offers. (cp. Seda, 2004, p. 28) Generic keywords, on the other hand side, are keywords that “could be relevant to more than one company”. (Seda, 2004, p. 13) Examples for words that belong to this group are products, product categories, problems customers could have that can be solved with the company’s products, or what the customer can do with the product.

At this point the Google matching options will be introduced as an example. Although other search engines call those options sometimes different, the principle of how they work is the same with every search engine.

There exist three basic matching options. Google calls them ‘Broad match’, ‘Phrase match’ and ‘Exact match’. With the help of these options the marketer can refine the ad targeting. This leads to reduced costs spent on irrelevant search queries and in the end to a higher ROAS. (cp. Google AdWords Help Center)

Broad match is the default option. This means that the text ad will be triggered when the search engine user types this word into the search box, no matter if he types other words into it as well or – if the keyword consists of several words – if the words are in a different order. Google even shows the text ad for similar words, e.g. the plural form or words that Google rated similar. (cp. Mordkovich, 2007, p. 30 et seq. and Google AdWords Help Center)

Phrase match is a more targeted matching option. It is indicated by quotation marks around the keyword, e.g. “casual game”. Phrase match shows the text ad only when the words are typed into the search box in that specific word order, although there can be other words included as well. (cp. Mordkovich, 2007, p. 30 et seq. and Google AdWords Help Center)

The exact match is the most targeted form of a keyword. The online marketer has to put the words in brackets, e.g. [casual games]. When used like this, the text ad will only be shown by Google if the searcher types exactly those words into the search box, in exactly that order and with no other additional words. (cp. Mordkovich, 2007, p. 30 et seq. and Google AdWords Help Center) But this is also a very dangerous tool if used incorrect. The text ad might not show up very often and a lot of people might not see the text ad although they are interested in the product because they didn’t type the correct keyword into the search box.

The last matching option is called negative keyword. When used, by typing a negative sign in front of the keyword, e.g. –example, the text ad does not show up, even if other words in the search query would have triggered the ad otherwise. (cp. Mordkovich, 2007, p. 30 et seq. and Google AdWords Help Center) This can help the online marketer to target more precisely without having to use only exact matches. There exists also the possibility to have negative phrase matches and negative exact matches. (cp. Google AdWords Help Center)

There also exist keyword suggestion tools that can help the online marketer to find new keywords or improve already existing keywords by changing the matching option. Those keyword suggestion tools are provided by the search engines themselves as well as third party providers. At this point, the Google keyword suggestion tool will be introduced. This tool shows various lists for each queried keyword. First of all it shows a list of search query entries that are triggered by the keyword. This can help to find queries that trigger the text ad although the search engine user is looking for something different. This function can help to find words, that the online marketer should add to the list of negative keywords. Besides that, the Google keyword suggestion tool shows a list of expanded broad matches that trigger the text ad as well, even if the online marketer did not bid on it. Those are usually some terms related to the original keyword. And another very important function of the Google keyword suggestion tool is the list of suggested terms. This list contains words, that are related to the queried keyword but do not trigger the text ad yet. The online marketer should consider to take some of those keywords into the keyword list. Of course this tool can not read the online marketers mind and know exactly what he wants to sell, so some of the suggested words might not match into the keyword list. (cp. Goodman, 2005, p.134 et seq.)

4.5 Text Ads

Another important part of a search engine marketing campaign is the text ad. This is the advertisement that search engine users will see next to the natural search results on a search engine results page. This text ad has the purpose of encouraging the people to click on this ad to get redirected to the landing page of the advertiser and purchase the product the advertiser is offering. Therefore it has to be put a lot of thought into these text ads. Especially since there is only very limited opportunities to set oneself apart from all the competitors because all of the search engines have very strict rules about how text ads have to look like. Again, like with the matching options, every search engine has its own standard about the layout of the text ads. The build-up of the ads, however, is similar. Every text ad consists of a headline, a body or description and a URL. How long each of this parts can be, depends on the search engine. Most of the search engines do have very detailed regulations about the way a text ad can be designed. They have rules about the kind of punctuation that is allowed to be used, about frequently used terms, about capitalization and many other things. But to follow the rules of the search engine, although necessary, is not the most important part of writing the text ad. Since there usually can't be any sort of graphics attached, the text itself has to convince the searcher to click on the ad. This means, that it has to stand out from the other text ads. The only way to achieve this is by writing a text ad that is different than the ones of the competitors. For this reason, the text ad should contain a unique selling point as well as a so called "call to action". At Google AdWords, the online marketer can even put several text ads online for one Ad-Group and do A-B split testing. (cp. Gay, Charlesworth and Esen, 2007, p.107, Seda, 2004, p. 25 + 51 and Goodman, 2005, p. 174 et seqq.) The advantages of the Google Ad Rotation are that Google can automatically show the more successful text ads more frequently to the search engine users than the less successful. Although the marketer should not forget, that

Google measures the success of the text ads only by the CTR and not by the number of purchases that resulted from those click throughs.

Text ads are shown in special marked places on the search engine results page next to the natural search results. Depending on the search engine, following is valid for Google: They consist of four lines of text. The first line is the headline. It is only allowed to contain 25 characters and cannot have any special punctuation marks. Line two and three are the text lines and should describe what the advertising company is selling. The last line finally, shows the URL of the companies website. The URL is differentiated between the “showing URL” and the “actual URL”. The actual URL can be longer than the showing URL and usually has some sort of tracking code. This tracking code allows the marketer to analyse the campaign. If used correctly/properly, the marketer can see exactly which keywords generated sales and which didn't.

The title/headline should contain the words, the consumers typed into the search engine (meaning the keywords). People are more likely to click on the ad if the headline contains the word they were looking for. (Mordkovich, p. 23 et seq.) Besides, some search engines, Google amongst others, bold the keywords the user typed in the appearing text ads. This attracts even more attention to it. (Mordkovich, p. 24)

The description should state the unique selling point of the product. (Mordkovich, p. 24; Seda, p. 24) A unique selling point is a benefit the own product has that none of the competitors can offer. In the case of PopCap Games this is that the sold games are the originals and not some imitations of other games and it is the official publisher of the games. Mordkovich states, that any marketer should avoid the word “free”, since consumers that look for something that is free, usually don't convert well. (Mordkovich, p. 24) PopCap Games decided to use the term “free” in their text ads anyway, the reasons for this are stated in chapter 6. But even if this term is mentioned in the text ad, according to Seda it would be best not to use it in the title but only in the description. Since it is too eye-catching in the title and a lot of people might just click on the ad because they read the word “free”, regardless of what is actually offered. This could attract a lot of bad traffic and non-converting visitors. (cp. Seda, 2004, p. 50)

Although it should go without saying, the online marketer should under all circumstances try to avoid misspellings in the text ads. If they don't get approved by Google employees the marketer has to correct the mistake and send it to another review before it will be published. Even worse if someone might not check the text ad accurately enough and the text ad is displayed on the search engines results page. Potential customers will be very sceptical about the quality of the product, if even in the text ad there is already the first mistake to be found. (cp. Goodman, 2005, p. 168)

Superlatives, such as “the best” or “top-rated” in the text ad need to be proven (e.g. by an award) on the landing page, otherwise most of the search engines will not approve the ad. (cp. Mordkovich, 2007, p. 24)

4.6 Targeting

Another topic that is valid for all different forms of online marketing – in fact every form of marketing – is customer targeting. The best marketing campaign is doomed to fail if the

target audience is not reached by the campaign or a wrong target audience was chosen. Barocci et al states it short but correct: “Know the customer.” (Barocci et al, 2007, p. 7). The target group should be defined by the demographics and “psychographics” of the typical customers. Whereas demographics are things like gender, age, family status, working status, education and household income. Psychographics, on the other hand, are, according to Seda, lifestyle behaviors and attitudes. (cp. Seda, 2004, p. 23) This includes for example online usage and online shopping, two very important things for online retailers, but also other things.

Knowing the demographics and psychographics of the standard customer, different aspects of the online marketing campaign have to be adjusted to this defined target group. Specifically, the design and wording of the ad, as well as the advertisement area (where the ads will appear) have to be chosen according to the behavior and preference of the target customers. An appealing ad is useless, if the potential customer does not see it. The same is valid the other way around, if the ad is presented to the right consumer group, but it does not get their attention, the campaign will not work either.

4.7 Landing Pages

Another important part of any online marketing campaign is the landing page that the customer is led to after he or she clicked on the advertisement link. If the customer doesn't see what he or she expected, this person will most likely immediately use the back button of the browser or close the browser window. It is very unlikely that this person will come back at a later stage.

“Once the prospect has clicked through to the site, the job of the PPC engine is finished and it is up to the site design, content and promotional offers to make the conversion.” (Gay, Charlesworth and Esen, 2007, p.210)

This means that a lot of thought should be put into the choice of the landing page. Just linking to the homepage of the website should be avoided. Customers expect to be led to the page that provides what is promised in the ad without having to click through the navigation of the site first. (cp. Seda, 2004, p.62) It might be best to create a completely new page that is not part of the standard website, therefore doesn't show up when browsing the website, but is only linked to from the advertisement. (cp. Mordkovich, 2007, p. 36) Like this, the design and content of the landing page can be designed to match exactly the expectations the prospect has of the site when reading the ad and clicking on it. The better the landing page matches with the users expectations when clicking on the ad, the more likely he or she will purchase. This can be achieved by continuing with the design of a banner ad or to provide information promised in the ad. The whole purpose of this is to improve the user's experience of your online offer, which hopefully leads to purchasing. (cp. Mordkovich, 2007, p. 36) This specially created landing page can even have some special or seasonal offer. But the marketer should be aware of the risk, that search engines might list this site as natural search results. Those listings can't be deleted as easy as a pay-per-click ad and if the page itself gets deleted, the search engines still might reference to this page, that doesn't exist anymore. People who click on that link will receive a 404-error-page.

There is some information, that definitely should be made available on the landing page, whether it is made especially for this purpose or it is some product page of the standard-website. They should be made prominently visible, which means above the fold, and maybe

even highlighted with some special font, color or graphics. This information is, among other things, the name of the product, its unique selling point, other important selling points, the price of the product and how to purchase it – including a direct link to add the product to the shopping cart. (cp. Mordkovich, 2007, p. 36)

It might also be interesting to do some A-B split testing. This means, that there are two different landing pages created, that differ only in small details, such as a different background color, or a different arrangement of the content. An equal amount of customers should be led to those different landing pages by the same ad, and the results should be tracked and compared. After some time and a sufficient amount of data, the more effective landing page will be kept and the other one, which didn't lead to as many sales, will be deleted. This sort of testing can – and should – be done several times in a row, always changing another parameter and keeping the more successful landing page while deleting the other one. (cp. Mordkovich, 2007, p. 37)

4.8 Getting Started

Setting up a pay per click campaign requires several steps. First of all the search engines where the online marketer wants to advertise have to be chosen and an account needs to be set up with those search engines. Every search engine has a different way how to create and manage the campaigns, but the main principle is the same for all of the search engines. The online marketer has to decide on a budget that is authorized by the company and the level of risk he is willing to take with the campaign. The next step is to choose the keywords, for which the advertisement should be displayed. The process of choosing the right keywords and creating a keyword universe is covered in chapter 4.8.2. After that, the online marketer has to decide, how much he is willing to bid on the keywords. It usually makes sense to have a default bid for most of the keywords of an AdGroup and to adjust the bids for some of the keywords, especially the most important ones that are very competitive. Chapter 4.8.3 discusses this in more detail. The last step is to create one or more text ads that show up for the pre-defined keywords. It is probably best to have different text ads, each of which shows up for a different group of keywords. This ensures better customer targeting what leads to more clicks by people who know exactly what they are looking for. (cp. Mordkovich, 2007, p. 6 et seq.) This will be covered in chapter 4.8.4.

4.8.1 Choose Search Engines

There are so many different search engines in the World Wide Web that it is impossible to have SEM-campaigns running on every single one of them. The online marketer has to decide which search engines are the most important ones for his business. Most likely he wants to use at least the biggest common search engines like Google, Yahoo and the like. But there might be smaller search engines that are tailored to a specific niche market. Those search engines don't get as many visitors as the generic ones, but the audience of those niche search engines are pre-qualified through the fact, that they know the market and most likely have a very good idea of what they are looking for. Although there exist a few games related search engines, some of which are even tailored to casual games only, none of them currently offers their own search engine marketing. Apparently the market for this is not big enough at the moment to be profitable.

4.8.2 Creating Keyword Universe

Creating a keyword-universe from scratch is a time consuming task. The marketer should start with the most obvious words. First of all, the branded keywords have to be gathered. The company name and all products or services have to be on the keyword list.

To get started with the list of generic keywords, the simplest and most obvious way is to do brainstorming and write down all words that come to mind when thinking of the products the company produces or services the company offers. After brainstorming is finished, it might be a good idea to look at the competitors' websites. They usually have their websites optimised after their most important keywords for the crawlers of the search engines. They even might have written them in the Meta-Tags, in which case they are very easily found. (cp. Seda, 2004, p.38) While creating this keyword list, the marketer should not forget / should consider that most of his customers probably don't know the industry jargon. The safest resolution to this is to add both the industry jargon terms and the keywords, people with no knowledge about the industry would look for. (cp. Seda, 2004, p. 42)

Once all those contextual keywords are found, the marketer has to find all the variations and combinations of those keywords, the searcher could possibly type into the search box of the search engine in order to find the companies' website. The reason for this is that search engine users don't always search for the most obvious terms. They look for plural forms; have a misspelling/typing error in their search query or any other variation. They also pair the company name with the product or service name in order to get more exact matches. (Seda, 2004, p. 29 et seq.)

In order to find those extended keywords, the marketer should think about the following variation options:

- Singular and plural forms
- Misspellings or typing errors of any kind
- Verb forms, related nouns, related idioms
- Spelling variations
- Different usage of numbers and codes
- Hyphenated and unhyphenated versions
- One word versus two words (e.g. "popcap" vs. "pop cap")
- Abbreviations and acronyms
- Word stemming
- URL or Domain names, e.g. "www popcap com"
- Combinations of different keywords

(cp. Goodman, 2007, p. 150 and Seda, 2004, p. 30 + 37)

Adding this kinds of variations for every keyword extends the list a lot.

The online marketer might also consider to use a keyword suggestion tool to find even more keywords that he could not think of before.

Goodman states in his book 'Winning Results with Google AdWords' that the marketer should start with a small keyword list and extend/expand it while going on. (cp. Goodman,

2007, p.111 et seqq.) This is, of course, a possibility, when there are a lot of different Ad-Groups to create and the timeframe for getting the campaign started is short. But there is no reason, why the marketer should not start with a long keyword list. When first starting a campaign, it has to be monitored closely anyways and it is very time-consuming to do this. More keywords won't change that fact. And like this, the marketer gets comparison-results right away which help him to decide, whether a keyword performs well or not. The keywords performing poorly can be spotted easier, because the marketer has more data to compare.

The last thing, the online marketer has to consider are the matching options. What matching options are the best for each keyword? What negative keywords should be added to the keyword list in order to avoid unnecessary showing – and therefore eventual clicking – of the ad? These options should be considered well, as they can make a big difference in the amount of money spent on the campaign. Not using those options can lead to a lot of clicks of people, who are not actually interested in the product. Although using too many negative keywords and exact matches can limit the number of impressions too much and the text ads may not be shown to search engine users that are interested in the product and might therefore choose to purchase the product with a competitor.

3.8.3 Bidding

For the beginning it is the easiest to decide on a default bid for all keywords instead of setting an individual bid for each keyword. This default bid should not be too high, since the costs could explode, but should probably be at least a little bit higher than the minimum bid. Otherwise the text ads will most likely always appear in the last ad position, which could easily be below the “fold” or might not even be displayed on the first page of search results, depending on the number of competitors for the individual keywords.

After that, the online marketer should have a look at the keyword list again to filter out the most important keywords of the campaign as well as the keywords that are most competitive on the search engines. Those keywords might need a different bid than the default bid that has just been set. The most important keywords might need a higher bid to make sure, that the text ad will be displayed above the fold, perhaps even in the number one position, depending on the goals of the online marketer. The most competitive keywords can need a bid adjustment upwards or downwards, depending on the keyword. This decision has to be done for every of those keywords separately, as the importance of each keyword is most likely different. The more important a keyword is to the company and the marketing campaign, the higher the online marketer should set the bid for the keyword. If the keyword is not very important but very competitive since it is more important to other businesses, it might be better to lower the keyword bid. This prevents the text ad from being clicked by too many people who in the end might decide to purchase at a competitor anyway.

3.8.4 Creating Text Ads

The first step a marketer should do when writing a text ad is to look at the text ads of the direct competitors on the search engine. (Mordkovich, 2007, p.25) This helps to get a feeling for the way a text ad should be written and shows what the competitors offer. The next step is to find a ‘unique selling point’, something the own company offers but none of the competitors offers (or at least none of them mentions in their text ad). (Seda, 2004, p.53 and 24, Mordko-

vich, p. 24 and Gay, Charlesworth and Esen, 2007, p.107) This is the most important statement of the text ad.

After that, the marketer should find out about the special requirements the different search engines ask for, to know how long each line of text can be and what special characters are allowed in the text ad. There are some rules that apply for nearly every search engines pay per click policy. These rules are best outlined by Seda in her book “Search Engine Advertising – Buying Your Way to the Top to Increase Sales”:

1. No excessive capitalization: FREE, MYSITE.COM
2. No superlatives: #1, best, largest.
3. No phone numbers or URLs in titles or descriptions.
4. Don't use symbols (&); use words instead (and).
5. Avoid exclamation points (!).
6. Avoid having pop-ups on the landing page.
7. The keyword should be mentioned once in the title or description and at least once on the landing page.
8. Content should be relevant: Product names, special, or “free” offers mentioned in the title or description must be discussed on the landing page.
9. Affiliate sites must note that they are affiliates in their title or description.
10. The links to your site must allow people to return to the search engine by clicking on the “Back” button in the browser's toolbar.

Be sure to double-check your spelling, grammar and punctuation.“ (Seda, 2004, p. 55 et seq.)

If the online marketer follows these simple rules, the text ads should not be rejected by the search engines.

The text ad should describe as good as possible what the company is actually selling, so people don't leave the page immediately after they clicked on the ad, because they didn't get what they expected.

The online marketer should try to write different text ads for each product or product line and combine it with keywords that are related to this product. The better the text ad relates to the queried keywords, the more likely it is that the search engine user will click on the ad. This ensures a better targeting and should also lead to a better ROAS. The better the headline of the text ad matches the search query, the better the CTR will be. Some of the search engines, Google being one of them, bold the keywords the search engine user typed into the text box in the text ad, if they are in the text ad. (cp. Goodman, 2005, p. 171)

There are different things the online marketer should try to include in the text ad. It is usually not possible to use all of those techniques, seeing that the space is very limited. The online marketer has to decide which of them are the most important ones for his/her pay per click campaign and try to implement them in the text ad. He can write different text ads, using different techniques, and do some A-B split testing with the ads. Like this, he/she can find out, what the consumers prefer, which is not always what the online marketer would think. Those techniques are:

- Call to action
- Use the customers language, don't use technical phrases the customers might not know
- Offer an incentive, e.g. some special price reduction or a free add-on to every order

- Create a sense of urgency, to give the customers the feeling that they have to act immediately, e.g. “only available for a short time”
- Include the keywords (especially in the title, if possible)
- Inject some flair or brand appeal

(cp. Goodman, 2005, p. 170 et seqq., Seda, 2004, p. 48 et seqq.)

After the text ads are finished, the marketer should test and re-test those text ads. He can change only small things or create a completely new text ad and compare them with the help of A-B split testing to make sure, he/she has the best text ad possible to attract the most qualified customers. (cp. Mordkovich, 2007, p.25 and Goodman, 2005, p. 175)

5 Market Analysis

The first thing to do when running a marketing campaign is to get to know the target audience and the competitors. It is very important to know those things for creating a marketing campaign. If the campaign targets the wrong consumer group, it will fail. It will either receive no response or only response of people who expect something different.

5.1 Target group

For PopCap Games, the target audience is already well known. Most of the consumers of the PopCap Games games are women between 25 and 49. Figure 5-1 shows the average user age as well as gender and educational status of PopCap Games' customers.

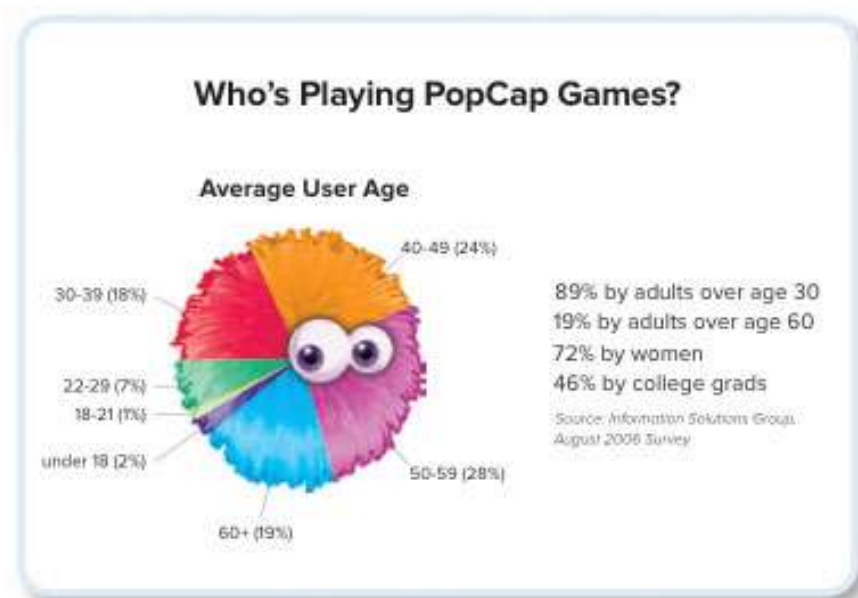


Figure 5-0-1 Average User Age PopCap Games players (source: www.popcap.com)

The exact statistics of demographics and the most important psychographics of PopCap Games' customers are as followed:

Gender:

73 % are women

27 % are men

Age:

29 % are 18-34

57 % are 25-49

38 % are 34-49

Household Income:

55 % are \$50k+

33 % are \$75k+

Education:

54 % have some college or higher

Family Status:

63 % are married

43% have children

Online Usage:

70 % are online every day

Online Shopping:

70 % shopped online in the last 30 days

60 % purchased online in the last 30 days

This data is the result of a survey in 2005, covering only the United States.

As seen in the statistics, most of the women are well educated and nearly half of them have children. 70% are online every day and shop online at least once a month.

5.2 Competitors

5.3 PopCap Games Statistics

6 Case Studies

Within the scope of this thesis, several case studies on search engine marketing were undertaken. This includes campaigns in Germany, France, Spain, Italy and the UK. The SEM campaigns were ongoing from the beginning of September 2007 and will be continued on the basis of their current success. The implementation of those case studies will be specified in the following chapters.

Because of the limited time it was decided to run the test pay per click campaigns only on Google AdWords. Yahoo! has a big customer base as well and would have brought more detailed information and data to compare to the Google AdWords results, but it was decided to let this wait until a later date and first gather experience on the Google pay per click market. The main reason for this decision was that it is very time consuming to start new pay per click campaigns. Especially in the beginning, new campaigns need to be monitored very closely to be able to react fast when any changes on keyword bids or text ads need to be made. Once those campaigns are running successfully and don't need to be monitored as closely anymore, the experience gathered from this will be used to start new SEM campaigns on Yahoo! and maybe also some other search engines.

By the beginning of the case studies for this thesis there already existed basic SEM campaigns on Google AdWords for Germany and France. Those campaigns only contained Ad-Groups for the 4 top games – Bejeweled, Zuma, Insaniquarium and Chuzzle – and the only keywords in those campaigns were the names of the games. To get the campaigns going as fast as possible, the first step was to copy all the English text ads and keywords from the campaigns already running for the USA and the UK to the German and French campaigns. Besides, Spanish and Italian campaigns were created with the same keywords and Text ads.

The next step was to translate all those keywords and text ads into the equivalent languages. This was done with the help of the localization team that is situated in the Dublin office and usually works on localizing the games into different languages. There had to be made a difference between the keywords and the text ads. The keywords could be translated literally. The text ads, however have a more difficult twist in it. Because Google allows only very short text ads and has exact rules about that, the literal translation often didn't fit into the limited space. So they had to be shortened or completely rewritten.

For a short time during October, dayparting was activated. Dayparting basically means that the text ads are only shown during defined hours of the day and not all day long. (cp. Google AdWords Help Center) Most of the purchases on popcap.com are made during the evening hours.

The UK was very long tied in into the general English search engine marketing campaigns, targeting many different English speaking countries, until it was finally singled out in its own campaign in November 2007. Because there were already a lot of campaigns, there had to be a new Google account created, before there could be created an own campaign for the UK. Unfortunately, there were some issues with Google. Because of that, it took a long time before the new account finally was created and the UK campaign could be singled-out.

It is very interesting to see the discrepancy in the success of all the different campaigns. The reason for these differences are

1. competitors
2. different market structure
3. different user behavior.

In Germany and the UK there are a lot more competitors than in the other countries. In Italy, there are no competitors at all. Because of that, the same keywords are very cheap in Italy, but very expensive in Germany and the UK, because a lot of the competitors bid on the same keywords. In those highly competitive markets, it is very difficult to decide, how much to bid on a keyword. On the one hand side, it is important to have the own text ad shown in a high position, as first text ad, if possible; on the other hand side it should still be rewarding. Meaning the revenue has to be higher than the cost for the keyword, otherwise the ROAS will be under 100 % and there has to be more money spent, than there is revenue made of it. If this happens, the campaign loses money instead of making money. Having the own text ad shown as number one does not necessarily be the best. It can generate „bad“ traffic. Meaning that a lot of people click on the ad because it is in the first position, but because they observe that there are a couple of other ads, they go back to the search results page and look if there is something better hidden behind one of the following links.

This means, that – especially in highly competitive markets – there always has to be found a middle way between not spending too much money and still having the text ad appearing in one of the higher positions.

When the new Google AdWords account for the UK campaign was created, all the International campaigns were moved to this account as well and paused in the old account. This new account was named International Google account. Its creation and the moving of the campaigns to this new account led to a very interesting insight. It helped seeing the time the customers take from clicking on the text ad and visiting the website until they actually purchase a product. It is very helpful to have the awareness of this factor in consumer behavior.

Mordkovich states in his book “Pay-Per-Click Search Engine Marketing Handbook”, that online marketers never should use the word “free” in text ads because people clicking on the text ad are not interested in purchasing something but only in getting something without having to pay for it. (cp. Mordkovich, 2007, p. 24) But there was a decision made at PopCap Games that the word “free” should still be in the text ads of all SEM campaigns and can be used as a keyword to trigger ads as well. The reason for this is, that the games can be downloaded as a free trial version from popcap.com. The prospect customers can play the game for one hour before deciding whether they want to purchase the game or not. This “try before you buy” sales model is very common in the casual games market by now.

Although it is always stated that the text ads are reviewed very quickly by the Google employees, there were some delays up to two weeks and an e-mail to customer service until the Spanish text ads were approved. This can be especially critical when it concerns text ads for special offers that are only valid a limited time. The online marketer should always have in mind, that it might take at least a couple of days until the new text ads will be approved.

Since the text ads are usually more or less the same for every game, in the following chapters there will always be only one text ad displayed as an example for the International text ads.

6.1 Germany

The German casual games market is very competitive. When searching either for general casual games keywords like “puzzle” or a PopCap Games specific keyword, e.g. “Bejeweled”, Google shows usually at least 5 pay per click ads from competitors or partners respective of PopCap Games. This means, that the bids on the keywords are higher than in other countries, where there are not as many competitors, and the search engine users have the choice where they want to play or purchase the games at. Although PopCap Games is the official distributor of the games, the competitors have the advantage that they offer more games.

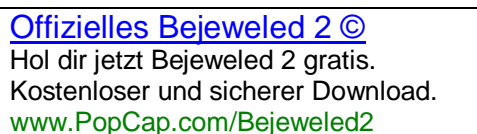
The higher keyword bids combined with the fact, that consumers might click on the PopCap Games ad but decide to purchase the game from one of the partners makes it very hard to get the ROAS positive. The high keyword bids lead to high expenses, and the quantity of competitors lowers the number of purchases, what has a direct impact on the revenue.

This precondition caused a lot of difficulties in getting the ROAS of this campaign above 100%. The overall strategy for this campaign therefore was not to get the ads in a preferably high position, but not to spend more than necessary. This results directly in lower ad positions.

When monitoring this campaign, the most important factor was always the keyword costs, whereas the cost per click has a direct influence on the cumulated costs for a keyword. Especially the names of the most popular – and therefore best known – games get clicked a lot by consumers. This automatically results in higher keyword bids compared to other games, that are not as popular and other keywords. Competitors are willing to pay more on popular keywords in order to get a higher ranking to attract more visitors.

Because of the popularity of puzzle games in Germany, a special puzzle-AdGroup was created as part of the German campaign. The competition on this field is even harder than on the general casual games field. As a result of this, the PopCap ad showed on very low ad positions.

Figure 6-2 shows an example for a German text ad:



Offizielles Bejeweled 2 ©
Hol dir jetzt Bejeweled 2 gratis.
Kostenloser und sicherer Download.
www.PopCap.com/Bejeweled2

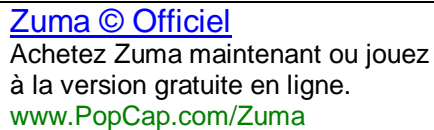
Figure 6-0-1 Text ad Bejeweled 2 German

6.2 France

Although the Text ads and keywords were basically the same than in the German campaign, only translated into French, the French SEM campaign was immediately more successful than the German campaign. This is due to the fact, that there are by far not as many competitors bidding on the same keywords as in Germany. This results directly in cheaper keyword bids as well as higher Ad positions. The ROAS was very high from the beginning, which led to fewer needs of managing or optimising the campaign respectively. Of course, some bad performing keywords needed to be deleted and keyword bids needed to be adjusted, and optimising the campaign

would result in an even better ROAS. But at that time, the most important challenge was to get the ROAS for all campaigns over 100%, before the attention could be led to trying to increase the ROAS of the already good working campaigns.

An example of a French text ad can be seen in Figure 6-3 on the example of the Zuma-text ad.



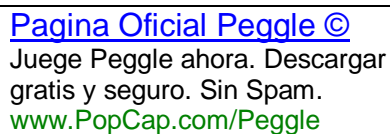
[Zuma © Officiel](#)
Achetez Zuma maintenant ou jouez
à la version gratuite en ligne.
www.PopCap.com/Zuma

Figure 6-0-2 Text ad Zuma French

6.3 Spain

The Spanish campaign was first very successful after the launch of the translated text ads end of October, until the US was excluded from the geotargeting in order to get more clearly results for the European market. After that, the sales went down and neither trying to spend as less money as possible nor trying to be in good ad positions helped to get the ROAS over 100%. Because of these astonishing results, the necessary steps were taken to create a new campaign to target the Spanish speaking audience in the USA. But this is not part of this case study and therefore will not be discussed at this place any further.

Figure 6-4 shows a typical text ad of the Spanish campaign.



[Pagina Oficial Peggle ©](#)
Juege Peggle ahora. Descargar
gratis y seguro. Sin Spam.
www.PopCap.com/Peggle

Figure 6-0-3 Text ad Peggle Spanish

6.4 Italy

This campaign was activated with English text ads and keywords and with translated text ads and keywords on the same day than the French campaign. There are only very few competitors bidding on the same keywords on Google.it, therefore the keyword bids are very cheap compared to other countries. During the time when the English text ads were online, the ROAS was very low, but once the localized Text ads were online, the ROAS increased and was always over 100%, although the number varied a lot. Unlike France, the market and the demands for casual games is very low, because of that the campaign didn't get many clicks nor sold many games. An Italian text ad can be seen in figure 6-5 on the example of a Chuzzle-Text ad.



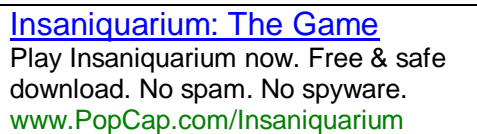
[Chuzzle © ufficiale](#)
Gioca Chuzzle! Gratis e sicuro
Scarica. No spam. No spyware.
www.PopCap.com/Chuzzle

Figure 6-0-4 Text ad Chuzzle Italian

6.5 UK

The UK was very long tied in with the standard English campaigns that were set up and monitored by an external company specialized on online marketing. But when creating the new international Google Account, it was decided to spin-off the UK – as well as other English speaking countries like Australia e.g. – from those campaigns and create new campaigns for every single one of those countries to be able to respond to the cultural differences in each country and optimise the campaigns even more to improve the ROAS.

To create those new campaigns in the international account, an exact copy of the English campaign was made and added to the international Google account with a different name. As soon as those campaigns were online, the according countries were disabled in the standard English campaign. Figure 6-6 shows a standard English Text ad:

A screenshot of a text advertisement for 'Insaniquarium: The Game'. The text is enclosed in a thin black border. It features a blue underlined link for the game title, followed by promotional text in black, and a green underlined link for the website URL.

[Insaniquarium: The Game](#)
Play Insaniquarium now. Free & safe
download. No spam. No spyware.
www.PopCap.com/Insaniquarium

Figure 6-0-5 Text ad Insaniquarium English

Link to PR-Campaign:

One week after the launch of a banner ads test campaign, a PR campaign for PopCap Games was started in the UK. This campaign has the slogan „A PopCap a day“. The campaign contains a survey by the Stress Management Society (UK), saying that playing PopCap Games' games for just 5 minutes a day has stress relieving benefits and that mothers only have 23 minutes a day for themselves. In addition to that, there is a stress test, presented on the micro site www.popcapstresstest.com. This test contains 15 questions, trying to verify the stress level and suggesting which PopCap game might help to release stress the best. Another element of the PR campaign is the collaboration with the former pop singer/Atomic Kitten member and mother of two Natasha Hamilton. She suggests to young mothers, to spend at least a few of their 23 minutes with playing PopCap games for stress relieving benefits.

This is an example for the pictures made in the context of the PR campaign of Natasha Hamilton:



Figure 6-0-6: Picture PR campaign Natasha Hamilton in Bed

Work together with PR department, to gain better results. Therefore, there was a new SEM campaign started, to support this „A PopCap a day“-campaign. It consists of the main keywords of the PR campaign and text ads that contain the main message of the campaign. The campaign was only run in the UK, since this was the area, where the PR campaign was targeting.

The text ads are as followed:

[PopCap A Day Stress Test](#)
Take the stress test and find out
what PopCap game helps you to relax
www.PopCapStressTest.com

Figure 6-0-7 Text ad Stress Test 1

[PopCap A Day Stress Test](#)
Take the Stress Test and get 50 %
off any award winning PopCap Game.
www.PopCapStressTest.com

Figure 6-0-8 Text ad Stress Test 2

The keywords are:

- anti stress game
- popcap stress-test
- stress test game
- play stress relief game
- stress game

Because of the strong competition in the field/area of stress, it was decided not to bid on keywords, that are not specific to the PopCap campaign. Too basic/general keywords concerning stress and stress relief are very competitive.

Since the URL of the stress test was part of every message regarding the PR campaign (in magazines and other press releases on the internet), this SEM campaign wasn't very successful. People didn't need to search for the stresstest, they already knew the URL.

7 Analysis

To measure the success of a campaign is as important as to run the campaign itself. It shows very detailed, which things worked and which didn't and where improvements can be made.

8 Strategy

According to all the cognitions acquired within this thesis – theoretical as well as practical from the case studies – the recommendations for a strategy for SEM for casual games for International markets will be described in the following chapters. It is divided into the goals that should be strived for, and concrete measures/implementations. Those are the different steps that should be taken to achieve the set goals.

8.1 Goals

Very important to have a strategy and not only do something without a logical reason behind it. Strategy is a mixture of short-term, mid-term and long-term goals as well as the actions that have to be taken to achieve those goals.

Goals:

- More countries targeted
- min 150% ROAS
- Ad-positions 1-3
- More revenue

=> better ROAS, better ad position and more revenue through higher keyword bids.

8.2 Action Plan

8.3 Operating Schedule

9 Conclusion

Search engine marketing is a very time consuming marketing type. It is not enough to start a campaign and then the work with it is done and the revenue will start rising as a result of the campaign. Pay per click campaigns need a lot of time when starting them and need to be monitored very closely during the whole time they are running. Due to the fact that search engine marketing campaigns can be changed at any time during the time they are running, the online marketer should always try to improve the campaigns in order to get more visitors to visit the company's website and purchase a game.

As the case studies show, the casual games market is different in each European country, probably in every country in the world. To run search engine marketing campaigns for casual games in different countries is a big challenge for every online marketer. Every single campaign for a different country has to be monitored and might need a different strategy depending on the search engine user behavior. Besides, the online marketer should run seasonal campaigns as well, whether they promote a sale or a special holiday, to attract more visitors to the company's website.

There is not a simple solution that helps getting a ROAS above 100%. Search engine marketing campaigns will always be about testing different things and track the results to see if this tactic worked or not. Methods that work in one market or country could completely fail in a different market or country because the targeted group is different and the targeted people can have a very different user behavior.

Besides, it is not only one method that makes a search engine marketing campaign successful, it is the right combination of many different techniques. The online marketer needs to try and find the best combination of all techniques that are available, concerning the keyword list, the text ads and the landing page. He/she has to decide over the choice of search engines where the campaigns are running, the dimension of the keyword list, the right matching options for every keyword, the amount of money bid on each keyword, the best formulation of the text ads, the targeted countries, the design of the landing page and many other things. Changing only one of those parameters can have a big influence on the success of the campaign. Finding the best combination of all those parameters is the goal, that every online marketer working on search engine marketing campaigns should have.

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Internetsources

PopCap Games
www.popcap.com

Bruce Clay, Inc
BruceClay.com

European Interactive Advertising Association
www.eiaa.net

Omniure
www.omniure.com

Steam
www.steampowered.org

Rock, Paper, Shotgun
www.rockpapershotgun.com

Pay Per Click Analyst
www.payperclickanalyst.com

EnGadget
www.engadget.com

New York Times
www.newyorktimes.com

Telegraph
www.telegraph.co.uk

InternetNews
www.internetnews.com

SFGate
www.sfgate.com

Appendix

CD Content:

Thesis.pdf

Presentation.pdf

Online sources (zip-folder)