



VITRUVIAN
Leveraging the Art & Science of Advertising

The Hidden Power of PPC:

How to Increase Sales with the
PPC Leverage Principle

written by:
Howie Jacobson, PhD



Got deep-pocket competitors with strong branding?

Worried about rising advertising costs and shrinking margins?

Are knockoff businesses nipping at your heels and confusing your prospects?

In this White Paper, you'll meet a simple tool that too few businesses use, and even fewer use correctly, to put competitors in their place and establish your business as the big winner in your market.

But first, I want to tell you about my terrifying hobby...

WHY I LOVE GETTING HECKLED

When I practice my standup routines in front of the mirror, I'm a comic genius. Everything seems hilarious and insightful. Yet when I perform in public, the feedback is, shall we say, more varied (especially when it's fueled by half-price bottles of Pabst Blue Ribbon).

But I don't mind the feedback. In fact, that's why I subject myself to the ordeal. By noting laughs, groans, silence (the worst), and puzzled expressions, I discover how to improve the set.

The more I expose myself to live audiences and listen to what they're telling me, the faster I improve and the funnier I get. And what works live also works in writing, in video, and when I get my first HBO special. The "iPhone airplane mode" routine that I rework and rework until it eventually kills in Carrboro NC will one day succeed at the Hollywood Bowl.

Every successful comic has developed this way. The more they try, the more they fail, the more they adjust, and the funnier they become.

You might think that companies spending millions of advertising dollars each year would seek a similar process for honing their messages. It turns out that is the exception, not the rule, because most corporate advertising focuses on stroking egos in the board room versus testing and improving ad copy to methodically improve profits.

Few companies have been willing to invest in randomized mailings and analytics and data mining divisions. So testing has been relegated to "best business theory" rather than "best business practice."

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THE COST OF NOT IMPROVING

When comics aren't funny, they get day jobs (or become staff writers for the Disney Channel). But what's the cost of your business getting its messaging wrong?

You might think that it's not that big a deal. In the pre-internet world, you would have been right.

BEFORE THE WEB

Before the web, it was too hard for consumers to compare all their options, and before social media, word of mouth was limited in scope. So if your business wasn't the most convincing and compelling in town, you still were guaranteed the convenience crowd and the too-lazy-to-optimize crowd and the customers-that-your-competitors-didn't-want crowd. You could get by.

Imagine a city with a couple of Thai restaurants, one slightly more marketing-savvy than the other. Given a large enough population of Thai food lovers, both could do OK. The slight difference in the quality of the message would, all else being equal, produce a slight difference in business results.

IN A WIRED WORLD

The Internet does more than just make it easy to go online and read and leave reviews. It fundamentally changes the mathematical and statistical models of human crowd behavior. Because choice increases exponentially while attention remains constant, aggregate human behavior shifts to follow what are known as "power laws."

Power laws work by skewing the relationship between inputs and outputs. The best-known example of a power law is the Pareto Principle, or the 80/20 Rule. This rule states that 80% of the outputs are directly attributable to 20% of the inputs. When applied to a competitive business situation, such as a page of Google search results, power laws mean that the winner takes all. If there are 20 listings on a search engine results page, each one doesn't receive 5% of the clicks. Rather, the top listing may generate 50% of the clicks, the second listing 20%, and the third listing 10%. That is, 15% of the page receives 80% of the attention, while the other 85% settles for the remaining 20%.

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Anywhere you have lots of competitors and unconstrained choice, such imbalances will appear. The top-reviewed restaurants on Yelp and UrbanSpoon receive disproportionately more customers and subsequent reviews than those with slightly less favorable reviews. In other words, being on top gives you an unfair advantage when it comes to staying on top.



Now that the Internet has smashed barriers to comparison shopping, those businesses that make it to the top enjoy the virtuous cycle of more attention, more business, more positive feedback, and a growing advantage over their competitors.

THE PROMISE OF CONTINUOUS IMPROVEMENT

If you're not the clear leader in your industry, enjoying that winner-take-all advantage, should you despair? Should you quit your day job and try stand-up? Or send your resume to the producer of *The Wizards of Waverly Place*?

Fear not. The Internet has severely unlevelled the playing field, but it's also provided the underdog with a weapon to fight back. (The same weapon is available to the Top Dog as well, but as we shall see, few business owners – including the folks who invented the weapon and make billions of dollars from it every year – understand its true power.) It's a little like Luke Skywalker using his light saber to boil water for tea. As we shall see, the online weapon – like the light saber – can enable ragtag rebel marketers to defeat well-financed and entrenched opponents.

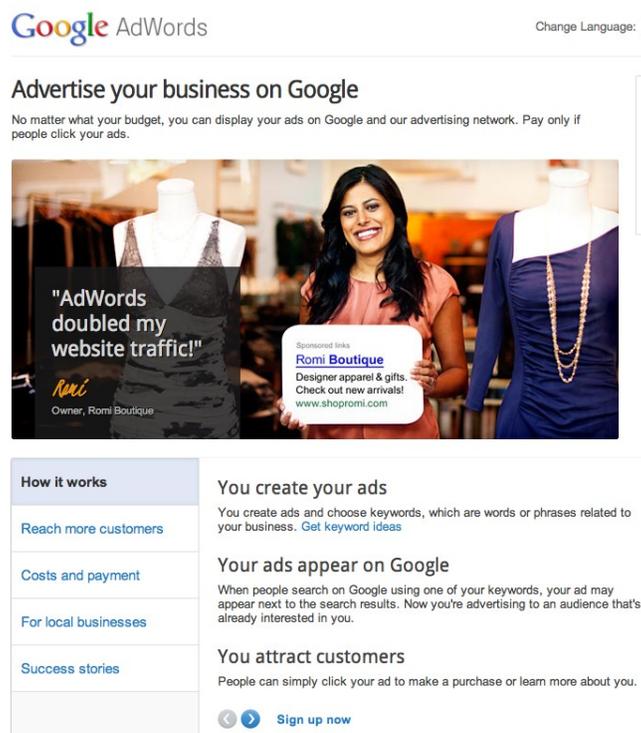
THE ULTIMATE WEAPON: GOOGLE ADWORDS

In 2002, Google AdWords (the program that puts ads on Google's search results page and content sites across the web) changed everything. To this day, Google doesn't fully understand what it's created, touting AdWords solely as a platform to generate leads and sales from online searchers.

OK, so you can buy clicks and get visitors to your website. Darth Vader is not exactly quaking in his boots here. Why do I call AdWords a revolutionary weapon?

AdWords is actually a cheap and highly reliable wind tunnel you can rent by the click to discover and validate your market, test your messages and positioning, and increase your conversion rates and profits.

Tests that took four months and half a million dollars in 1990 can be completed today in seven days for \$350. The beauty is, everything you discover in these micro-tests can be applied in



The screenshot shows the Google AdWords homepage. At the top, it says "Google AdWords" and "Change Language: [flag icon]". Below that is the heading "Advertise your business on Google" and a sub-heading "No matter what your budget, you can display your ads on Google and our advertising network. Pay only if people click your ads." The main visual is an advertisement for "Romi Boutique" featuring a woman holding a sign that says "AdWords doubled my website traffic!". The sign also includes the text "Sponsored links Romi Boutique Designer apparel & gifts. Check out new arrivals! www.shopromi.com". Below the ad is a navigation menu with "How it works", "Reach more customers", "Costs and payment", "For local businesses", and "Success stories". To the right of the menu are sections: "You create your ads" (with a link to "Get keyword ideas"), "Your ads appear on Google" (with a link to "Sign up now"), and "You attract customers".



other media, including expensive and really-hard-to-test offline media like TV, radio, newspapers, event sponsorships, and billboards.

Here are three examples:

The 4-Hour Work Week vs. Broadband and White Sand

In 2006, Timothy Ferriss and his publisher were searching for a title for his book about productivity, outsourcing, and mini-retirements. Ferriss used AdWords to test several titles and subtitles, and admitted that the winners (*The 4-Hour Work Week: Escape 9-5, Live Anywhere, and Join the New Rich*) were not his first choices. Yet in hindsight it's hard to imagine *Broadband and White Sand* generating the same buzz.

Total cost of the AdWords tests: probably under \$250.

Total value of the information: two New York Times bestsellers, and enough money and clout to become an angel startup investor in companies like Evernote, Twitter, Shopify, StumbleUpon and Posterous.

2. **The AdWords secret of *The Secret***

The publishing phenomenon *The Secret* began as a humble AdWords campaign with a \$500 per month spending limit. Dan Hollings, online marketing director for *The Secret*, used AdWords to identify hot-button keywords and test landing page themes until he hit upon the winner: a series of curiosity-provoking trailers based on the human need to solve riddles.

Total cost of the AdWords tests: a couple thousand dollars.

Total value of the information: The phenomenal sales of the DVD and book (\$100 million last time I checked) and subsequent spin-offs testify to the value of Dan's AdWords test results.

3. **Mars, Inc. invests pennies to earn millions**

In 2009 Vitruvian's Joel McDonald was hired to manage a \$1000/month AdWords account for a division of Mars, Incorporated that sells health supplements. Keep in mind that Mars' advertising budget for 2009 was estimated by *Advertising Age* at \$1.6 billion dollars. Using AdWords to boost sales was like having Google co-founder Larry Page make a few extra bucks by tutoring math on the side. But the investment paid off handsomely once Joel harvested their AdWords data and had them apply it to their advertising in "unmeasurable" media.

Joel ran keyword tests to discover the most searched-for ingredients in this product line. He also tested various offers they were considering. Among other discoveries,



Joel found through simple testing that, for example, the words “free shipping” generated nearly twice the sales of the original “30% off” offer (we’ve changed the specifics to protect the client’s confidentiality, but you get the idea.)

Within about a month of reporting his AdWords tests, Joel saw a virtually identical product description, price, and offer on Mars’ national TV commercials. Now a miniscule AdWords investment was paying huge dividends in other media. Mars no longer had to roll the dice on the creative impulses of expensive Madison Avenue ad writers. They just applied common sense to AdWords data and cloned tiny successes on a massive scale.

THE ADWORDS LEVERAGE REVOLUTION

You may be surprised to hear it from the way I rave, but I didn’t invent AdWords. I own no Google stock. Larry and Sergei don’t invite me to their solar Prius drag races. Yet as an author of *Google AdWords For Dummies*, I tend to take it personally when I hear from business owners, “We tried AdWords and the clicks were too expensive. We couldn’t get it to work.”

If that’s been your experience, I urge you to reconsider. Instead of dismissing AdWords as more expensive and less expansive than other media, focus on the power of continual, controlled testing. Use AdWords as a wind tunnel that can improve the efficiency of every other advertising medium you use.

NEXT STEPS

By now I hope you understand what 99.9% of Google advertisers still don’t; that AdWords can be your best friend as you strive for dominant positioning in your market.

You can do all this stuff on your own, of course. AdWords is very democratic that way. With a credit card and a book like *Google AdWords For Dummies* (to pull out a random title), you can certainly go a long way toward setting up tests and using them to improve your messaging and competitive position.

If you’d like some professional advice, the wise guys and gals at Vitruvian are always happy to take a look at your AdWords account and your overall business strategy and help you squeeze that sponge. We offer coaching, consulting, and training.

And if you’re busy running your business and the thought of taking on one more task makes you want to stick a pencil into your forehead, we can help there too. (With making your business more profitable, not the pencil in your forehead.) Unlike most other AdWords agencies that restrict their thinking to your AdWords account (“Hey, we’ve found a better way for you to make tea using a light saber!”),



Use AdWords as a wind tunnel to improve the efficiency of every other advertising medium you use.



we pride ourselves on our systems approach. That approach can improve more than just your cost per click. Should you choose to work with us, our team approach will improve the overall effectiveness of every advertising dollar you spend –online and offline.

ARE YOU MARKETING THE RIGHT MESSAGE?

Message is more powerful than money, and with the right message, money becomes much easier to come by. If you'd like to get more out of your advertising dollars by discovering the most powerful message for your company, give us a shout:

Phone: 1-312-698-3655

Email: info@VitruvianWay.com

Web: <http://VitruvianWay.com/contact>

Stop Me If You've Heard This One

Now, what's the deal with that iPhone airplane mode? Couldn't they come up with a better name for that? Really? The only time you'd want to turn the thing off is on a plane? Isn't that like saying a parked car is in "ferry mode?"

I told you, I'm working on it...

Howie Jacobson, PhD is Emotional Intelligence and Empathic Inspiration Officer (EIEIO) at VitruvianWay.com, an online marketing agency dedicated to truth, passion, and leverage like you wouldn't believe.

To find out more about Vitruvian and how we can help you leverage AdWords success into winner-take-all positioning, email us at info@VitruvianWay.com.

