

Is Contextual Search Advertising Right For You?

Patricia Hursh
SmartSearch Marketing - Boulder, Colorado

April 1, 2004

Many search advertisers are currently evaluating content-targeted programs (also called contextual advertising). The expanded visibility can be great, but is it right for your business? These programs are relatively new in the search advertising world, and early results are mixed.

First, let's define contextual advertising and review how it works. Then we'll take a look at some recent results, and finally, I'll share a few recommendations.

What is Content-Targeted Search Advertising?

With contextual advertising, pay-per-click search ads are displayed not on search engine results pages, but on related content pages across the web. This is accomplished by matching a site's content with advertisers' keywords. Ad sellers such as Google and Overture determine what a site is "about" using some combination of algorithms and human review. Ads are then served on participating sites by matching content to advertisers' keywords. In this way, contextual advertising is a method of distributing paid search listings beyond search engine results pages.

To illustrate, if a person is viewing a web page about Acapulco, Mexico on a website that is participating in a contextual program, a search ad for an Acapulco hotel might be displayed on the page. The ad is served based on the "context", or the subject of the web page.

Who is Selling Contextual Search Advertising?

The two largest players in this space are, not surprisingly, the two biggest pay-per-click ad providers: Google and Overture. Google's product is marketed to publishers under the name "Ad Sense", and is simply called "Content Targeted Ads" when presented to search advertisers. Overture's program is entitled "Content Match". Other search players offering contextual advertising include Industry Brains, Enhance Interactive (formerly ah-ha.com), Searchfeed, and Kanoodle.

Where Are Contextual Ads Displayed?

Both Google and Overture have been busy building their publisher networks. Google content-ads are shown on HowStuffWorks, Mac Publishing sites (Macworld.com, MacCentral, JavaWorld, and LinuxWorld), New York Post Online, Reed Business Information sites (Variety.com and Manufacturing.net), U.S. News & World Report online, and thousands of other participating sites.

Yahoo-owned Overture's ads are shown across Yahoo! (Games, Groups, News, Shopping, and Travel), several MSN areas (MSN Entertainment, MSN Money and MSN Family), InfoSpace, and Edmunds.com, to name just a few.

How Do I Participate?

One important detail that catches many novice marketers off-guard is that when you launch a pay-per-click campaign on Google or Overture, contextual advertising is turned ON by default. You must proactively opt-out of the program if you do not want to participate. Once you know this, turning contextual ads OFF is easily accomplished by adjusting your campaign settings.

How Do I Track Results?

Both Google and Overture offer the option of separating results for traditional keyword ads and contextual ads in their reporting systems, so advertisers can measure impressions, click-through rate, cost-per-click, and conversion (if you are tracking this through the ad provider) by each type of ad.

Similarities: Traditional Search Ads vs. Contextual Ads

Contextual advertising and traditional search ads are similar in that advertisers buy both through the same provider, typically as part of a single campaign. In both cases, keywords and bids determine if an ad is displayed, and in what position it is presented relative to the competition. The same text ad is displayed (i.e., title, description, and URL) either way. Finally, advertisers pay on a cost-per-click basis.

Differences

Of course the fundamental difference is that traditional search ads appear on search engine results pages after someone enters a query containing a keyword matching, or relating to, the ones you are bidding on. The key point here is that the person viewing your ad has proactively gone to a search engine looking for something related to your products or services.

In contrast, content ads are not shown on search engine results pages at all, but rather on web pages containing content deemed to be relevant to your keywords. The people who see your ads on these pages are not necessarily actively searching.

This illustrates the fundamental difference between "search mode" and "surfer or browse mode". In fact, many advertisers view traditional search ads and contextual ads as very different things, and believe that contextual advertising is more appropriately compared to ad placement in niche magazines than to traditional pay-per-click advertising.

Now, let's look at results...

Recent Results

Contextual advertising is not a new concept in traditional marketing or eMarketing, but it is a fairly new option for search advertisers. Google's program has been around for about a year, Overture's a bit less. So far, ad providers are reporting that results for contextual ads are similar to those for traditional pay-per-click programs. However, many advertisers complain that click-through and conversion rates are much lower.

Based on this feedback, Overture now allows separate bids for traditional and contextual ads. But Google has not followed suit: their keywords have *one* bid associated with them, whether the advertiser is engaged in search advertising only, or search plus contextual.

My personal experience is that click-through rate tends to be much lower, and cost-per-conversion a bit higher, with contextual ads. However, I've also found that contextual advertising can provide substantial impressions at a very favorable rate. For example, with one of my clients, 80% of their monthly search advertising investment and 83% of clicks come from traditional pay-per-click ads. The 20% of their budget attributable to contextual ads is, in fact, less efficient from a pure cost-per-conversion basis. So you might be inclined to say... "turn it off". But not so fast: By adding content-targeted ads, the client has gained nearly five million contextual impressions per month at an additional cost of only \$4,000. Because this amounts to a CPM of about \$0.80, they are very pleased with these results. (Keep in mind that this company is in a *very* active search category -- most advertisers will not see impressions of this volume.)

Recommendations

Bottom line: Test and measure before you invest significantly.

I believe that content-targeted search ads are great for advertisers wanting to maximize their reach and frequency across the web in a very relevant way. If you are interested in volume of impressions or maximum exposure, contextual advertising may be perfect for you. I've found that this can be an extremely cost-effective way to enhance a brand online, and your results may be very favorable on a cost-per-impression basis when compared to other methods.

Contextual ads are also great for companies who have already fully utilized the traditional keyword inventory available to them, but who continue to look for additional online advertising opportunities. That said, advertisers who are driven solely by cost-per-conversion should test the waters carefully before engaging in a full-scale content-targeting program.

Additional Resources

To learn more about Overture's program and see an example of how a contextual ad appears on a website, visit Overture's advertising center: <http://www.content.overture.com/d/USm/ac/ba/cm.jhtml>.

For Google, visit:

<https://adwords.google.com/select/faq/sample.html>

Note: Website *publishers* also need to evaluate contextual programs, but from the other side of the fence... that is, they should consider the possibility of generating additional revenue by allowing content-targeted ads on their sites. But, that's another article -- this analysis presents only the search advertiser's point of view.

Patricia Hursh is a search engine advertising consultant and workshop facilitator with SmartSearch Marketing in Boulder, Colorado. Email her at Patricia@SmartSearchMarketing.com