

An Interview With Gretchen Howard, Director, Online Sales & Operations for Google AdWords

Hello, this is Lon Safko, co-author of *The Social Media Bible*, published by John Wiley & Sons, the most comprehensive book ever written on the subject of Social Media. And tonight we're here with Gretchen Howard, Director of Online Sales and Operations for Google's *AdWords*. Wow, what can I say, we've got Google here today! This is terrific. Gretchen, that you so much for being here today!



GH: Hi, Lon, happy to be here.

LS: This is totally cool. And today we're going to be speaking about Social Media, of course, and also about online advertising and the three little letters that can mean so much to your business, SEM, or Search Engine Marketing; because that's what, really, online advertising is all about. So let's get started!

Gretchen, can you tell our listeners a little bit about yourself and your background?

GH: Sure, I'm a director at Google and I work on online sales and operations and I've been here about, at Google, for about two and a half years, and had a varied path before I landed at Google. I worked in financial services and also in consulting before that.

LS: Okay, cool. Let's see...can we start out by just talking a little bit about what online sales, what *AdWords* are, what Google provides?



GH: Sure, let's start with an acronym that you mentioned from the start, Search Engine Marketing, or SEM. Search Engine Marketing is really not immersed with online advertising. It refers to programs that enable advertisers to run relevant ads alongside search results. So when users perform queries on a search engine, such as Google, online advertisement will also come up.

LS: Okay, and of course that makes a heck of a lot of sense because we see that all the time. We'll see the organic listings over on the left and we'll see these sponsored links on the right, or a couple of them listed now on the left as well on top. One of the questions that I always get asked when teaching SEM is, "Really, what's its effectiveness? What's the rate of return? What's the risk?"

GH: Right! These on lines are featured advertisement that you're talking about; this is what we call *Ad Words*. So *Ad Words* is just Google's online advertising program. And we really like to describe Ad Words as, it may sound a little corny but I like to explain it as a Match-Making Service that can match businesses and customers. They're really the tools that connect businesses to a product and services that sell and customers who are looking for those specific products and services, and online. And it's really done by matching relevant products and services to customers search queries and the thing that excites me most about *Ad Words* is that it's highly targeted and cost-effective. So it's a measurable system that helps advertisers, both large and small, find their customers online.

LS: Okay, so basically online advertising and Google *AdWords* is this. I go in and I create a campaign around either a key word or a key-word phrase in anticipation of what my prospector/customer is looking for; the

product or service. And by knowing what they may type in, you match it up based on what the searcher's actually searching for.

GH: Exactly, it's all about relevance, and so it's really easy to set up, I think. One thing, just to take you quickly through how it works it: When you go to www.google.com/adwords you selected "daily budget" you create an ad. And you target your ad by choosing key words and a geographic location, and then you let it run. So it's a cost-per-click model which means advertisers only pay when users click on their ads. And then they are delivered to the advertisers' website.

So a click can be as low as one cent and you can modify your daily budget at anytime. So you're not trapped into a large fee at any time.

LS: Okay, so it's not based on the old revenue model back in the 1990's before the dot.bomb of just numbers of impressions, like if you show up on the page you get charged a lot of money. You actually don't have to pay anything is someone doesn't click on you.

GH: Exactly! It's a pay-per-click model, and that's why our philosophy is that all advertising should be relevant, targetable and cost-effective. And that's why the pay-per-click model comes in because it holds us accountable and not the advertisers with customers.

LS: So what you're saying is that the first time in history in media sales, we're actually held accountable for performance.

GH: Well, I couldn't have said it better myself. The other thing that it does is it really levels the playing field. And so it offers this powerful, measurable solution to the needs of both small and niche businesses, as well as large brand advertisers. So in some ways it really democratizes the web, which you know I think is just groundbreaking.

LS: I like the word "democratize". In a lot of the interviews that I've done in the past here, that word continuously comes up. Being a multiple small business owner, ever since *AdWords* has come along I've used it. Personally I noticed anywhere from a 350 to 600% rate of return on my investment.

GH: We love that! We'll have to write a "success story" about you personally, I think.

LS: It really is great because if nobody uses it, you don't pay for it. If you have competition and you're willing to pay just a couple of cents more, then you get the top listing. And when people do click on it, you know that they're in that part of the buying funnel, the buying cycle, because they're going to click on it because they're ready to purchase.

GH: Absolutely! And it doesn't matter how specific. I mean the more specifically someone's looking for something, the easier they're going to find exactly what they're looking for. And so the user-experience and the customer-experience are both important to their business, and it helps both Google and the online advertisers, as well. So it's really a win-win situation.

LS: So it really is a synergistic relationship which you don't get from a lot of service providers. I couple of www.TheSocialMediaBible.com

years ago there was a lot of concern about click-through fraud, and I know you have gone through extensive lengths to guarantee that doesn't happen. Can you tell our listeners a little bit about what that is and how you protect them?

GH: Sure. So we have an ad-traffic-quality team and they're constantly at EQ. We have a three-stage system for detecting invalid clicks. The three features are, 1. Proactive real-time filters. 2. Proactive off-line analysis and 3. Reactive investigation. And this combined approach is really the essence of click-fraud management. The goal is to cap the net of invalid click's efficiently, live, in order to have a high degree of competence that actual malicious behavior is effectively filter out.

So by proactively filtering these clicks, potentially worth hundreds of millions of dollars every year, we're able to provide a very effective protection against attempted click- fraud, and we take it very seriously.

LS: That really is proactive and aggressive.

GH: Absolutely! I mean Google has devoted significant resources and expertise to developing proactive and technically sophisticated measures to filter invalid clicks before advertisers are even charged for them. We recognize that advertiser-satisfaction, from an advertiser's point of view is extremely important, as well as the advertisers are [07:41.8]. So we investigate every click-fraud claim that comes into us and we really try to respond to those advertisers' requests as appropriately and timely as possible.

LS: That's really terrific and again that brings integrity to the industry. For those listeners who don't understand exactly what we're talking about; when click-through advertising first became popular it also become popular for your competition to sit and continuously click on your links until they burned out your budget. And Google was very rapid to respond in making sure that that IP addresses get blocked and other protections are put in place. So someone just isn't clicking and burning your budget. When you get charged for a click it is a legitimate click.

GH: Absolutely, and if we don't catch it proactively (which we catch most of them proactively) we will absolutely credit advertisers retroactively. Because the last thing we want is for advertisers to be negatively effected by click-fraud in any way.

LS: Geez, I love that. Again, there are not a lot of industries out there, especially in media...you'd never hear that kind of stuff from a newspaper or a television advertiser (laughter), excuse me for that, but I am a little online-prejudiced.

GH: As I am, as well. But I think this integrity is so key to the essence of our business that it's extremely important for our customer-experience and our advertiser-experience to be top notch.

LS: Totally cool! Of course, the second question is how difficult and how expensive is it? What's the process? A lot of people, really, are intimidated by this whole thing of setting up the account. Then on the other hand, there's a gentleman that was in one of my conferences that actually was running over 150 key-word campaigns simultaneously. So is it really easy and what are the costs that are involved?

GH: *AdWord* actually is very easy to get started. I like to break it down into three main steps. First: As in any

time you're creating an advertising campaign, especially an online marketing campaign, I think the first step and advice that I always give people is, "Know your audience; identify your goals." Precision is the key to search advertising. You want to reach the right advertisers at the right time.

Take a good look at the products or services you are selling and the customers who are buying them. You'd be amazed at how many people don't know who their target audience is and this is an essential first step. Then once you have a clear sense of your business, you need to focus on how to reach those customers and you'll need to understand and define what your ultimate goal is, so you can actually measure success.

Then you can look to target to specific languages or geographic locations that your business serves, and that could be your region or that could be global.

LS: And that's a good point, too. Don't discount geographic regions if you service your customer's in specific areas of the country.

GH: Absolutely! That's one of the beauties of online advertising. You can change your geographic targeting at any time. So you can expand or contract or actually make seasonal changes based on geographic trends as well.

LS: Yeah. One of the things that I teach is "seasonality"; seasonal changes where you bump up your advertising budget in a particular time of the year, and you can soften it in others. If you really want to get into the widget you can even get right down to even day-parting where of course you know, you can really bump up your advertising in a particular part of the day and then cut it back at other parts.

GH: Yes, that's a great, I mean, that's a great point. I think, you know, if you are someone in northern California and you're selling a snowboard, well you can have a huge presence in the winter in northern California, but in the summer it's a slow time. So why not market those snowboards to folks in New Zealand where it's winter in your summer? So it's a great way to discount the seasonality of your business.

LS: See, and that's another good point that you made, the geographic locations and how you can actually target them. For example, if you took out a one-page four-color ad in Good Housekeeping, it's \$404,000 for that one ad. And it's going to go to everybody; people who don't care about your service, people who won't take the time to read the ad, people who won't even open the magazine. But this advertising that we're talking about, the online, really targets your customer so specifically for that product and that service and at the exact time that they are ready to buy, even right down to the geographic area and time of day, if you want it to.

GH: Exactly! And that leads me to point #2 and how to get started. It's the second tip that I tell people is, "You really have to create effective campaigns". So the first step in that is choosing powerful keywords. Really start brainstorming and expand your list as broadly as possible, and then narrow your focus. Try to think like your customers do and use two to four-word combinations instead of general words so you really target the audience that you're going after.

The other piece is that advertisers need to write what I call, "Got-to-Click" ads. So those are ads that make users compelled to click on the ad and learn more. Get to the point quickly, convey key product benefits, like free shipping or promotion; and then use "strong-calls-to-action" such as "buy now" or "sign-up today" and really direct users to the landing piece on your site that most relates to your ad.

So not just to the general landing page, but make it as specific as possible so people get to the information that they are looking after and so they don't have to navigate further once they reach your website.

LS: And that's a really great point, too. In my conferences I start the afternoon session with, "Your Home Page is Killing You". It's probably the worst thing that you have in marketing.

GH: Exactly.

LS: And, of course, nobody understands that because everybody believes that really it's about driving people to your home page. But the homepage is, really more or less, the cover of the brochure, the cover of the book. So in this type of advertising if they want a specific product and they're ready to buy, the idea of conversion is to take them specifically to that page so that the only next step is to "click" the buy button.

GH: Exactly. Keep the complexity out of the interaction and you will have many more sales than you ever dreamed possible. And I think that's a great point. The third step that I always say is, "Track, test, adopt and thrive." You really need to adopt an attitude where you're continually looking at the data that the online advertising provides you, and you continue to experiment [14:18.7]. The online advertising environment is really dynamic and you can look at your marketing results and keep a close eye on statistics. And again, this is different than any other form of advertising.

So you can leverage conversion-tracking software. Lots of people provide free software and at Google it's the *Google Analytic* product, but there's lots of tools like *Google Analytic* that provide data that will allow you to glean insight into your website and how to improve it and make changes so you can achieve your goals.

LS: That's terrific. The metrics, the terminology I often use is, "Lather, rinse, repeat".

GH: I love it! (Laughter)

LS: And one of the things I did notice, that's over the last 10 years, basically, that I've been doing this, is that as more and more people came up online and figured out Google *AdWords*, the competitive costs for certain words began going up and up and up and it became more expensive. And I think I heard a moment ago, when you were saying, "Don't necessarily go for the one word that describes you with the most generic, general word". Often that can be the most expensive. But maybe find that "sweet-spot" out of, one, two, three or four-word combinations that are more effective and less costly.

GH: That's exactly right! I think using two to four-word combinations instead of general words is...it helps you become more targeted to reach that very specific audience, and it is usually much cheaper than a general keyword.

LS: Yeah, I like that advice. Thank you. What other kinds of online advertising do you do over there? What does Google do?

GH: What kinds of online advertising do we do?

LS: Yeah. Well, other than *AdWords*.

GH: There are lots of other kinds of advertising we do. You can do print campaigns and you can do T.V. campaigns.

LS: Really!

GH: You can do audio campaigns, but I think that will take another whole session when there's time. But we're always looking at ways we can be innovative and, again, bring that targeted, measurable approach to general advertising.

LS: Does your department also manage *AdSense*?

GH: Online sales and operations, absolutely does have *AdSense* as well, yes.

LS: Could you just speak to that, maybe in just a couple of short sentences so people understand the value of that?

GH: Sure. *AdSense* is (and this is not my area of expertise. I caveat it) the team that manages our relationships with publishers. So they manage something called the "Content Network". The best example of this is to think about the *New York Times*. They have an online presence and they run *AdSense* advertisements on that page from various publishers that are relevant to the content in their stories.

So if you're online on the *New York Times.com* and you're reading a story about dogs, there might be advertisement shown from different pet food providers. And that's why we call these publishers, such as *The New York Times*, our *AdSense* publishers.

LS: Okay, so now we're talking about the big guys like *The Wall Street Journal* and *The New York Times*. But if I had my own little blog with my own little readership, could I take advantage of *AdSense* as well?

GH: Absolutely! Anyone can put *AdWords* or *AdSense* ads on their blog and basically anytime someone clicks through an ad from your published site, such as a blog, part of that revenue that's derived from clicking through that ad is shared with the publisher.

LS: Isn't that absolutely amazing! You get a referral every time somebody clicks on an ad.

GH: Exactly.

LS: Geez.....!

GH: It's great for blogs and any type of publishers to actually have that relationship with Google, and it also provides valuable advertisements to their users based on the subject that they're writing about.

LS: That's great. And you really can profit from this side. There are a couple of industry giants in Social Media that give away their services for free and completely cover their overhead and profit just by using

AdSense.

GH: Yes, it's a great system.

LS: If somebody wanted to actually get started with *AdWords* (getting back to AdWords) is that process difficult? What do they actually do? Do we pick a couple of words and then we set up an account? Where do we go from there?

GH: You can start at *Google.com/Adword*, you select a daily budget. That's how much you want to spend per day. You actually created an ad, you write a text ad, and then you choose your key words and geographic location, and that's it! You let it run. So it's really quite easy to set up. You don't have to be tech-savvy to do it. There is wizard that will take you through step-by-step. But there are some common mistakes that people do when setting up an account that I'd be happy to walk-through if that's an interest.

LS: Well, yeah, would you mind, please.

GH: Sure. One thing I see new advertisers doing at times is creating just one campaign with a single ad and dumping a huge amount of keywords into the ad. We recommend that you don't do that. We recommend that you really organize campaigns by topics or themes or product lines or geography. And don't be afraid to categorize like keywords together so you can write ads targeted to each group. This will really improve your ad-targeting and your relevance.

Another thing is to use the same structure for campaigns that you do on your website. So if you website is already grouped in categories, your job's almost done. For example, to group by topic you could make separate campaigns. Like if you were an online retailer focused on coffee you could have separate campaigns for tea and coffee and accessories like different mugs and cups. Or you could group by product-line and place the ad text and keywords about whole-bean coffee in one campaign, and ad text keywords about ground-coffee in another campaign.

So this will give you insight into which campaign is performing better than others.

LS: Now that's really good advice, because what I'm hearing is that rather than just sponsoring coffee and just blowing out a huge budget on that, you're really not targeting your customers and customers aren't specifically looking for coffee, they maybe looking for whole-bean coffee. So you're catching them too early in the buying cycle with too-general information and you're paying a premium for that; when you could be more targeted and give the customer exactly what they're looking for...more relevance.

GH: Exactly, so another example is if you sell spa products on line. You really want to create different groups for lotions or candles or perfumes or hair products, and not just advertise on spa products, because you're not as targeted as you could be. This will give you a lot more insight into which products and online advertisements are working well in your campaigns and which ones, through the analytic data, you need to tweak and evolve.

LS: And "spa"; you are probably going to pay the most for that word and get the least rate of return.

GH: Exactly!

LS: Yes, that's great advice. Wow. Can you site any particular example of a customer using *AdWords* and a success story that you're familiar with?

GH: Sure. One of my favorites is a local success story here in San Francisco. It's called *Lindland's Cordarounds*, so it's pretty genius. They came up with the novel idea to make horizontal vs. vertical corduroy pants. The stripes go horizontal instead of vertical. No one had ever thought of this before. It has now branched out into horizontal corduroy shorts and skirts and jackets as well. All of it is sold exclusively online.

So the entrepreneur, Chris Lindland, he first set up his shop in a basement and he was looking to grow his customer-base, and he didn't just want to be a passing fashion fad. So he approached Google *AdWords* and he set up a campaign and he wanted to really target his demographic. And soon...as soon as he set up Google *AdWords* the company saw a 200% on their holiday spend. He did it around the December holiday spend-time. And he felt like it really increased brand awareness for customers who were really first-time finders around corduroys through *AdWords*. He also used Google Analytics to help examine the customer's behaviors. So he looked at how visitor's arrived at *Cordarounds.com*, how they interacted with it and which messages really resonated best.

He then used this information and adjusted his ad on the site and used strategy to really use brand-name and targeting techniques to make it work.

LS: Wow, geez. I hear this kind of story over and over again, too. It doesn't have to be a huge company like General Motors to use this. It's so cost-effective that the entrepreneur, the one-person shop just starting out, has an incredible way to actually compete with companies like Macy's.

GH: Absolutely! Because we know a lot of entrepreneur and start-ups do not have a huge marketing budget and that's why the flexibility of Google *AdWords* is so powerful. Because you have control over your daily and you can start and stop anytime. And as you start to measure the return on that investment, you can increase it as you become comfortable over time. So as you see a drive in sales for your business you can continue to increase that budget if you believe it is driving sales.

Another great success story is a company called Twitty & Co. They're a family owned realty company and they specialize in vacation rentals in Duck and Corolla, North Carolina; one of my favorite town names. (Laughter) They use to only use traditional marketing collateral, so they would use brochure's and print ads. But then the Founder's son discovered Google *AdWord* and they changed their ads. And they really changed their ads constantly over the season depending on their available inventory. So they could actually promote specific rental properties as they became available, and once they got booked, taken down.

So it was a really flexible system and they really change it daily; and it actually increased the percentage of bookings made online to over 50%.

LS: Geez. I was just talking to a friend of mine who called this morning who owns a cabin in Pine Top, Arizona. And he was saying the same thing about using Google *AdWord*. In the summertime he can advertise, "Get away from the heat; rent a cabin." In the fall he can advertise, "Come to Pine Top and watch the changing of the leaves, the colors." And in the winter he can say, "Best snow skiing anywhere in the state of Arizona".

GH: And sell all year-round, exactly! And that's a great example of changing your ad and being really flexible based on the season. And it's something that most entrepreneur just cannot really use through traditional media, because doing a print-out or a T.V. ad is not as cost-effective. You know you just cannot change it on a whim.

LS: Yeah, and unfortunately that type of media has gotten to the point, for an entrepreneur, it's cost-prohibitive. We cannot afford it.

GH: It really is and it's hard to measure results, as well.

LS: Yeah, well that's what kind of drove the industry for the last 50 years; no one was ever held accountable for it. And on that note, I hear you mention a lot of times Google Analytics and I'm an extreme fan of *Google Analytics*. Can you just mention something will quick about that?

GH: Sure! It's really a free product, a free tracking product, and this goes hand-in-hand with *AdWord*. You can actually...it's a free product you can adopt even if you don't have an *AdWord* account. You can use it with other online advertising tools as well. And it's really just a way for you to measure your results and keep a close eye on the statistics of your account.

So we want to give you insight and transparency in terms of what's happening in your Google *AdWord* account and the more information you have about it, the more power you have to tweak and change and make the return on your investment more powerful to work for you. It's really good insight. There are a lot of reports that come pre-populated or you can create your own, as well. And it really takes some of...you know we don't want to just dump a lot of different metrics at you. We want to make sure that you have control and insight into how to practically manage your account and take some of the confusion out of it.

LS: Talk about a full-service no-risk cost-effective way to advertise your company. This is amazing. Is there anything else that you can share with our listeners before we conclude here today about online advertising or what Google's doing? Anything coming down the pike or any tips?

GH: Well, we're always looking for ways to improve both Google *AdWord* and all the products and services we provide. So the entrepreneur is extremely important to us, but we serve mid-sized to large companies as well, and I think the thing I would leave your listeners with is that we need feedback from our customers and it's extremely valuable to us because we are always learning and innovating and trying to improve the products for our users. So the more feedback, the better, and keep it coming.

LS: Well, I love concluding with that because the book is about Social Media and, as you know, Social Media is basically a set of tools that allow for two-way communication. And, for you and Google to come right out and say, "We care and we want to listen to what our customers have to say so we can incorporate your ideas to deliver a better product." Wow! (Laughter) that's cool!

GH: (Laughter) I'm glad a "wowed" you, Lon.

LS: You did! You really did. Google never ceases to amaze me. So, Gretchen, thank you. I mean truly, thank you for being her today.

GH: Great, thank you so much and good luck with the book. I cannot wait to read it.

LS: Where can people find out more about Google *AdWords* and what you guys are doing?

GH: They can go to www.google.com/AdWords and there is plenty of information there and we have a pretty robust online help site, as well.

LS: Totally cool! So this has been Lon Safko, co-author of *The Social Media Bible*. Be sure to check our other valuable Social Media tactics, tools and strategies that can be found in *The Social Media Bible* book as well as the companion website, www.thesocialmediabible.com.

And for more information about me, Lon Safko, please by all means visit my website at www.lonsafko.com.

And Gretchen, again truly, thank you so much for being with us today.

GH: Thank you. Great to talk to you.