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SPENDING ON PPC SEARCH ENGINE MARKETING AND ITS INFLUENCE ON RETURN ON INVESTMENT

Introduction

- High traffic volumes and conversion figures on commercial websites are difficult to achieve
- Pay Per Click (PPC) systems and its management is complex and expensive
- There is a need to match advertising spending with Return on Investment (ROI)

Research Questions

- Which attribute of the PPC campaign affects ROI most in a dynamic situation?
- How can the manipulation of this attribute be used to positively influence ROI?

Literature review

- In aiming for the optimal reserve price - investigate the impact of ad links and multiple keywords on PPC adverts (Xiao *et al*)
- Most investigations on maximising ROI are done for a single keyword (Chen *et al*)
- One can manage multiple keyword campaigns dynamically using the second highest keyword price bid
- There is a need to help advertisers to model these conditions of PPC to achieve optimum profitability

Research Problem

PPC campaigns show that ROI does not follow the same trend as the marketing expenditure

Methodology

- Collect data from existing, commercial PPC users
- Run an experimental website, identify and set up PPC parameters with an unknown effect on ROI
- Measure, define and test a multi optimisation strategy

Expected Outcomes

- Optimisation strategy to help optimise ROI
- Understanding of dynamism of PPC that will help advertisers focus on the correct attributes

References

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