

Google AdWords: A Guide to Acquiring, Optimizing, and Maintaining an Effective Web Advertising Campaign

**By
Peter Anderson
and
Ben Brookins**

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**Under the supervision of
Prof. William T. Harbaugh**

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Abstract: Our goal for this project is to provide a model by which non-profit organizations can use Google AdWords online advertising to increase visibility and, ultimately, donations. By examining current research on the subject and looking at select case studies, we have arrived at a practical and theoretical solution that requires little maintenance and can be applied to nearly any organization with ease. By following these guidelines, we believe a non-profit organization can increase its visibility – at nearly no additional cost – while achieving its ultimate goal: increasing donations.

Approved: _____

Prof. William T. Harbaugh

Date

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This paper examines the acquisition of a Google Grant and the optimal use of Google AdWords Web advertising specifically for non-profit companies (though for-profit businesses are mentioned as well). First, we will offer some background information on the organizations we have worked with, as well as what the AdWords program is, how prospective users can get an account, and we will eventually explain how the program works and what changes can be made to an account that will effectively optimize and streamline it, including the use of other Google applications beneficial to running a successful advertising campaign.

The primary source of our field research has come from Africare, a charitable organization that collects donations in order to benefit Africa in numerous ways: combating HIV/AIDS and funding Africa's medical infrastructure; providing agricultural resources; developing water extraction and purification facilities; providing education and vocational training; and offering funding in times of emergency. It was awarded its AdWords grant in September 2006, and it has found success in increasing Web traffic since that time, but Africare currently has no means of tracking donations that come as a result of Web traffic via its Google AdWords account, as site visitor and donor data are not being recorded. The campaign is also in need of optimization, as some elements of their current campaign effectively work against Africare, rather than for it. Our goal is to help them fix these problems and set them in a position to collect more relevant data, so that regression analysis is possible and more specific conclusions about donors can be achieved – not to mention increasing site traffic and donations.

Food for Lane County is a non-profit specific to Lane County, Oregon. As the name suggests, it is a food bank, and it accepts donations in the form of both food and

volunteer hours. It competes with both local and national food banks; its main competition comes from the United Way. Though they have had success increasing donation figures for the past few years independent of Web advertising, they have expressed interest in advertising more effectively. It is our shared belief that an online ad campaign through Google AdWords will not only increase local visibility and donation totals, it will allow for relevant demographic data collection, further enhancing FFLC's knowledge of its local market and eventually permitting more targeted advertising methods. Food for Lane County is still in the early stages of this process, awaiting organizational approval to apply for an advertising grant.

Before we go any further, it is important to understand what Google AdWords and a Google grant are. Google AdWords are sponsored advertisements that are displayed during a Google search. See below:

The image shows a screenshot of a Google search results page for the query "iPod". The search bar at the top contains the word "iPod" and the search button is labeled "Search". To the right of the search bar are links for "Advanced Search" and "Preferences". Below the search bar, the page displays navigation tabs for "Web", "Books", "Video", "News", "Patents", and "Shopping". The search results are displayed in two columns. The left column contains several organic search results, including a sponsored link for "iPod at The Apple® Store" from store.apple.com, a link to "Apple - iPod + iTunes" with a description of downloading iTunes software, a link to "Apple - iPod classic" with details about storage capacity, a link to "iPod - Wikipedia, the free encyclopedia", a link to "Amazon.com: iPod: Computers" listing various iPod models, and a link to "All things iPod, iPhone, iTunes and beyond | iLounge". The right column contains a "Sponsored Links" section with several advertisements, including "iPod" from CircuitCity.com, "Apple iPods" from MacMall.com, "iPhone Sale Off on eBay", "Electronics" from AOL.com, "Apple Mp3's Now on Sale" from Overstock.com, and "iPod' at Amazon.com".

The advertisements in the boxes labeled Sponsored Links, both above and to the right of the standard search results, are the “AdWords” themselves. Specifically, they are combinations of search phrases that an organization pays Google for in order to better advertise its products or services. The idea behind this advertising is to attract the attention of Web searchers looking for specific search terms and visit a site that they otherwise would not have known about. For example, the search above is for the iPod music player. Notice that Apple, the company that makes the iPod, has paid for an advertisement, but so have many distributors of the product: Circuit City, MacMall, eBay, AOL Shopping, Overstock, and Amazon. This is an example of how AdWords can effectively increase awareness (and ultimately sales conversions) for its users.

Standard AdWords accounts must be paid for, including a small startup cost and a cost each time an ad is clicked on, but each year, Google gives out numerous AdWords advertising grants to non-profit organizations that apply for one. These grants allow the non-profit to use the AdWords program for free, though the amount they can spend is limited. The grant application process is relatively simple; an explanation of the Google Grants program can be found in Appendix B.

Other Google Programs

Now that we know, in general terms, what the AdWords program is and how it can be used, it should be noted that we used other Google programs and applications for the duration of our project. For the sake of familiarity, we will summarize what those programs are, and how we used them, before we move on.

Google Analytics – A Javascript-based tracking script that allows Web administrators to track visitors to their site by a variety of criteria, including information on page views, time and duration of visit, number of pages seen, number of new visitors, how visitors got to the site, and so forth. It also collects demographic information on visitors by geographic area, language, operating system, Web browser, and other relevant factors. Within a given geographical area, visitors can be tracked by country, state, county, city, or other specified geographic region. We recommended adding an Analytics tracking script for the purpose of data collection, with the eventual hope of compiling demographic information on donors.

Google Checkout – Google’s financial transactions software, Checkout processes credit card transactions in a secure manner, much like PayPal or other secure transaction programs. A Checkout button can be easily created as HTML code and added to a Web page; when clicked, the visitor is taken to the checkout phase of the transaction. We encouraged the use of Checkout in order to offer donors a safe, secure, and simple way to donate to a charity, as well as for the purpose of linking demographic information with donor information for a more complex data analysis. For a complete list of all Google Programs relevant to this paper please see Appendix A.

Literature Review

While most of the research here is highly applicable to any project in which marketing objectives are to be met, we will summarize the conclusions of previous research in the body of this paper. For a more in-depth examination of the following research, please refer to Appendices E and I.

The first step in figuring out how to run a successful AdWords campaign is to first understand what the AdWords program is in greater detail, as explained by the literature available from Google. AdWords functions like an auction: if two or more AdWords users want to purchase the same search phrase, whichever ones pays more for it will have their ad placed in the top spot. The bid, in this case, is a maximum cost-per-click bid: essentially, the user has to determine how much it is worth to have their ad displayed above other, similar ads, and then clicked on by a searcher. The cost-per-click bid (hereinafter referred to as CPC) is the maximum amount a user will pay Google for one click on their sponsored advertisement.

There are four key components of every AdWords campaign, all of which must be understood and addressed in order to fully grasp the program: the search phrase or keyword, the CPC bid, the Quality Score and the click-through rate (hereinafter CTR). We have already discussed the CPC bid as it relates to keywords, so the next thing to understand is the click-through rate (CTR). Each search phrase a user bids for has its own CTR, which is calculated as the ratio of clicks on an ad against the total number of times the ad appears (which Google calls an “Impression”). For instance, an ad that has been shown 100 times and clicked on 20 times will have a CTR of 20%. It follows, then, that a high CTR is vastly preferable to a low one, because it means the ad is successfully bringing searchers to the user’s site.

Having a high CTR is also important in determining a keyword’s Quality Score, which is an overall evaluation of the quality and success of a given keyword. Keywords that have a high CTR are more successful, meaning Google evaluates them as higher quality than ones that do not perform as well – as such, they will receive a high Quality

Score. The Quality Score component evaluates keywords on a Poor-OK-Great scale – the exact computation of the score is unknown to users, but these phrases can estimate it – and has a significant impact on the overall cost and effectiveness of an AdWords campaign. (For specific information on the components of Quality Score, please see Appendix F.)

Now that we have explored these key components, we can put them all together to determine which ads are shown above other ads, how much they end up costing an AdWords user, and why. Consider the following visual representation of an AdWords auction:

Google Actual CPC

Advertiser	CPC Bid	Quality Score	Rank #	Position	CPC
A	\$0.40	1.8	$\$0.40 \times 1.8 = .72$	1	\$0.37
B	\$0.65	1	$\$0.65 \times 1 = .65$	2	\$0.39
C	\$0.25	1.5	$\$0.25 \times 1.5 = .38$	3	\$0.01

In this bid, Advertiser A has won the top position. To see why, let's look at the Rank # column. Ad rank is calculated using a simple formula:

$$\text{Maximum CPC Bid} * \text{Quality Score} = \text{Ad Rank Score}$$

In Advertiser A's case, their bid of 40 cents and their Quality Score of 1.8 give them an Ad Rank Score of .72. Advertiser B, despite having a much larger CPC bid of 65 cents, falls into the second position – this is a direct result of the Quality Score being significantly lower than Advertiser A. Conversely, Advertiser C has a higher Quality Score than Advertiser B, but has set its minimum bid too low to compete for a higher ranking.

The actual CPC paid is the amount an Advertiser has to pay in order to maintain their current ad position. Let's look at Advertiser A, whose actual CPC is 37 cents. If Advertiser A were to bid anything below 37 cents (say, for simplicity, 36 cents), the Ad Rank Score would fall to $.36 * 1.8 = .648$, dropping them below the Ad Rank Score of Advertiser B (currently .65) and lowering their ad position. Similarly, if Advertiser B were to lower their bid to anything below 38 cents, Advertiser C would take over the second position. Please note that Advertiser C, with no other competitors for ad space, pays the minimum amount possible (1 cent) for their position. Should another competitor come along, that cost would increase, but in this simple model with only three bidders, they pay only 1 cent.

Users have a budgetary cap on both CPC expenses and daily expenditures, at which point their ads will stop being shown until midnight of the next day. For non-profits, the maximum CPC bid for any search phrase is \$1, and their daily expenses cannot exceed \$330; for standard accounts, the limits are \$100 and \$250,000 respectively. It should also be mentioned that, though a user may not “win” the auction, their ads will still fluctuate up and down in terms of ad position over the course of a day. This happens for a variety of reasons: constantly-updating Quality Score calculations,

budgetary limitations, specific requests for ads to be shown during certain times of the day, and so forth.

There also exists a *minimum* CPC bid for search terms, relating directly to a search phrase's Quality Score. Phrases with a Great Quality Score can be bid on cheaply, usually between 5-10 cents, because they perform well and will make money for Google thanks to their high CTR and search volume. Keywords with an OK Quality Score must have a minimum CPC bid of around 30-50 cents; there will be decent search volume and a reasonable CTR, so a moderate bid will be sufficient. Phrase with a Poor Quality Score, by extension, are the most expensive, usually requiring a minimum CPC bid anywhere from 80 cents to \$5.00, depending on how low its search volume is. These ads are almost never clicked on despite numerous Impressions, and thus Google cannot justify letting them be purchased cheaply.

We will also mention ad text in brief, even though it is more of a marketing component and slightly beyond the realm of this paper. Each Google AdWords ad itself is made up of five components, as seen in the image below:

Create Text Ad

Example:

[Test Ad For Examples Sake](#)
This is what a typical AdWords ad
looks like - highly customizable.
[Example.com](#)

Headline: Max 28 characters

Description line 1: Max 35 characters

Description line 2: Max 35 characters

Display URL: Max 36 characters

Destination URL: Max 1024 characters

The five components – Headline, Description Lines 1 and 2, Display URL and Destination URL – all have short character limits, placing a premium on brevity and amplifying the importance of writing effective ad text (though this is a marketing-based plan, suggestions on the most effective ways to write ad text can be found in Appendix I). From a technical standpoint, ads that Google determines to be more relevant to both the keyword selection and destination site have a higher Quality Score than less-relevant ads.

With this explanation in mind, we can add on additional research to enhance our understanding even further. Specifically, with the knowledge of how the program works, we can begin to understand ways in which AdWords can thus be broken down and optimized. Several papers suggest ways this can be done. A study by Feng, Pennock and Bhargava (2007) concluded that advertisers should use “a rank-revision strategy that weights clicks on lower ranked items more than clicks on higher ranked items,” which “is shown to converge to the optimal (maximum revenue) ordering faster and more consistently than other methods.” In other words, lower-ranked phrases are usually more specific to an organization and face less pressure from other bidders, so they will be far less expensive.

Daniela Danciulescu (2007) examines a small business that sells “baby toys, clothes articles and accessories.” Like Africare, the goal of this business was to increase Web traffic and, subsequently, sales volume. It also sought to collect e-mail addresses and other information on prospective buyers and compile them into a database, which would be used to send out a company newsletter as well as special offers. Her findings reveal that: A) Negative keywords, or keywords that AdWords is told to ignore when

searched for, are an effective tool in limiting ads unlikely to be clicked on, specifically ads in which the search phrase requests information but not necessarily action; B) All possible variations on keywords should be purchased, including plural forms, misspellings, synonyms and the like; C) Determining maximum CPC bids and daily budgetary limits for given phrases was done using the constraint:

$$\text{net profit / sale} * \text{conversion rate} = \text{maximum amount for price offer}$$

In which better-performing products are afforded a higher percentage of the advertising budget; and D) That ad text techniques, including repetition of the specific search phrases and a call to action in the first line of the ad text, perform better than less-specific ads. For example:



These ads, pulled from Danciulescu's recommended changes, highlight exactly her point: there is repetition of the search phrase in the ad, once in the headline and again in the ad text, and there is a specific call to action in the ad, suggesting the searcher should buy the product. These ads even highlight a promotional offer in the form of discount coupons and free shipping, for as she suggests, searchers respond well to specific incentives over options where such benefits are not guaranteed.

Edelman and Schwartz (2007) explain that the optimal reserve price (CPC bid) for an ad (assuming budgetary limitations, which isn't always the case) is a function of the value of a given ad position to the organization bidding on given search terms, as well as

exploring the effects of market depth (the number of bidders for a given search phrase) on overall cost and value. Note that their research did not specifically mention any organizations in particular, and dealt more in mathematical regressions than anecdotal case study data.

In addition to understanding ways the program can be optimized, it is vital to understand the target audience and what they respond best to. There is significant literature on motivations for charitable giving and economists understand why people give to charity well. Although this is an interesting and important field, it is not as obviously applicable to soliciting donations as other literature. For a further discussion about the motivations for charitable giving, please see Appendix J.

Overall, knowing the characteristics of charitable givers is important in that it can allow non-profits to better target their efforts in soliciting donations and volunteer work. Brooks (2003) found that a religion plays an important role in charitable giving; a secular person is 23% less likely to give monetary donations and 26% less likely to volunteer for a charity than a religious person. This means that non-profits may want to focus their recruiting efforts of religious organizations or emphasize aspects of their charity religious people may find appealing.

Kitchen (1992) found that both wealth and the age of the head of household is positively correlated with charitable giving. Older, wealthier people tend to give more money to charity. This tells us what age group an organization may want to target with its advertisements: it is useful to keep older people in mind when designing the site and writing advertisements. Venable, Rose, Bush, & Gilbert (2005) studied important factors in marketing for non-profits. They found that four characteristics of brand personality

were extremely important in successfully marketing a non-profit: integrity, nurturance, sophistication, and ruggedness. These four characteristics not only affect the likelihood of contributing but also the amount contributed. In order to solicit more donations, it is advisable for non-profits to try to project these traits on both their Web site, and through its advertisements.

There is also literature on the differences in giving between men and women, as well as how experience in charities as a youth may increase charitable donations. For more information about the characteristics of charitable givers, the reasons why they give, or more about any of the above studies please see the more extensive literature review in Appendix K.

Finally, we examine simple ways to entice searchers by examining what they are most likely to respond positively to. A recently published article by Melissa Tooley (2008) found that online donations go up when even the simplest of changes are made (results seen graphically below): Increasing the size of the donation button and changing its color to red increased donations by 25% (and green buttons performed even better than red); using “polite” header text rather than forceful header text increased donations by 22%; and removing only the title and suffix boxes from donation forms increased donations by 31%. Not only are these changes easy to integrate, they are easily testable, as we will explain later.

Results of Tooley's Study (2008)

Table 1.3: Email Landing Page Results			
Baseline	Challenger	Conversion Rate % Change	Significantly Different?
		+29%	Yes
		+25%	Yes
"Polite" Header* + Appeal Copy (Black)	Call-to-action Header** (Black)	-22%	Yes
"Polite" Header* + Appeal Copy (Black)	Call-to-action Header** (Red)	-12%	Directionally

* Polite header: "Please make a tax-deductible gift today to stop the abhorrent practice of extraordinary rendition" followed by appeal copy.

** Call to action header: "Donate Now! Help us end extraordinary rendition!"

Table 2.2: Main Donation Landing Page Results			
Baseline	Challenger	Conversion Rate % Change	Significantly Different?
Title and Suffix in Personal Info Form	No Title or Suffix in Personal Info Form	+31%	Yes
		-18%	Yes
High to Low Gift String	Low to High Gift String	+6%	No
Intro Copy- Paragraph Format	Intro Copy- Bullet Point Format	+2%	No
"Donate to Amnesty International" Header	"Donate in just 60 seconds" Header	-1%	No

Chart 3.2: Search Landing Page Results			
Baseline	Challenger	Conversion Rate % Change	Significantly Different?
		+22%	Directionally
		-13%	Directionally
		+6%	No
Funding source copy*	No funding source copy	+5%	No

* Funding source copy reads: "Amnesty depends on the generosity of individuals like you to fund our life-saving work. To maintain our impartiality, Amnesty does not accept any money from governments."

Similarly, research done by Haynes, Thornton & Jones (2004) has found that advertisements that appeal to an individual's sense of guilt (i.e. negative imagery) is significantly more effective at attracting attention than those that appeal to an individual's sense of warmth (i.e. positive imagery). This is of particular interest to both Africare and Food for Lane County, as both are charities that try to combat issues in which negative imagery is bountiful – malnutrition, AIDS research, rampant poverty, and so on.

The Application Process for Non-Profit Organizations

Now that we know what AdWords is, how it works, whom the ads are targeting and why that targeting has been shown to be effective, we turn to our own case studies as empirical examples of everyday organizations that can benefit from the knowledge presented here. This process begins with the application for a Google grant. Though this step is shorter and much less involved than the next step, creating an effective AdWords campaign, it is crucial for a non-profit to get right – Google Grants does not deny very many applicants, but those that it does deny are denied forever. (For a review of the details of the application process, see Appendix B.)

As stated, this is the step where Food for Lane County currently sits: previously unaware of the Google AdWords program on the whole, but highly interested in increasing its local advertising. As such, it has been encouraged by our research to apply for an AdWords grant. Once again, this process is fairly straightforward; we will assume throughout the rest of the paper that an organization already has an AdWords campaign,

contingent upon receiving a grant (or purchasing a standard account), and we offer our sample application given to Food for Lane County in Appendix C.

Creating an Effective AdWords Campaign

Once the application process has been completed and accepted, or a standard AdWords account has been created, the logical goal is to set up an advertising campaign. As previously stated, the budget for a non-profit is essentially unlimited beyond the daily cap and maximum CPC bids, so we examine two cases in this section: an organization with an unlimited budget and one with a limited daily budget.

First, an overview of what Africare’s campaigns look like:

Campaign Summary
Jan 1, 2008 to May 29, 2008

Today Jan 1, 2008 - May 29, 2008

Online Campaigns								show: all all active all but deleted
<input type="button" value="Pause"/> <input type="button" value="Resume"/> <input type="button" value="Delete"/> <input type="button" value="Edit Settings"/> <input type="button" value="Customize columns"/>								+ Create new AdWords campaign
<input type="checkbox"/> Campaign Name	Current Status	Current Budget	Clicks	Impr.	CTR	Avg. CPC	Cost	
<input type="checkbox"/> Specific Regions	Active	\$300.00 / day	2,536	144,505	1.75%	\$0.82	\$2,086.86	
<input type="checkbox"/> General Africa	Active	\$500.00 / day	24,243	1,476,370	1.64%	\$0.77	\$18,754.44	
<input type="checkbox"/> Emergency Response	Paused	[\$1,000.00 / day]	474	21,418	2.21%	\$0.48	\$226.00	
Total - all 3 campaigns	-	\$800.00 / day (2 active campaigns)	27,253	1,642,293	1.65%	\$0.77	\$21,067.30	

This screenshot displays the basic relevant information for Africare: it has three specific campaigns, all of which display relevant statistics like CTR, average CPC and total cost, as well as budgetary limitations and total expenditures year-to-date.

Furthermore, here is a look at the General Africa campaign in greater detail:

Campaign: General Africa - Active | [Pause campaign](#) | [Delete campaign](#)
 Budget: \$500.00 / day | [Edit campaign settings](#) | [Optimize Campaign](#) 
 Targeting: 18 languages [Edit](#) | 233 locations [Edit](#)
 48 campaign negative keyword(s): [Edit](#)

1 - 12 of 12 Ad Groups.

Today
 Jan 1, 2008 - May 29, 2008

[+ Create new ad group](#) [View all ad groups](#)

<input type="checkbox"/>	Ad Group Name	Status	Default Bid Max CPC	Clicks	Impr.	CTR ▼	Avg. CPC	Cost	Avg. Pos
<input type="checkbox"/>	Africare	Active	\$1.00	2,721	21,123	12.88%	\$0.30	\$812.63	1.1
<input type="checkbox"/>	Donation	Active	\$1.00	3,902	112,973	3.45%	\$0.87	\$3,408.41	5.0
<input type="checkbox"/>	Food	Active	\$1.00	209	8,992	2.32%	\$0.77	\$161.55	4.5
<input type="checkbox"/>	Government	Active	\$1.00	1,231	76,545	1.60%	\$0.62	\$758.74	2.3
<input type="checkbox"/>	Education	Active	\$1.00	3,568	234,297	1.52%	\$0.82	\$2,941.40	3.9
<input type="checkbox"/>	Health	Active	\$1.00	2,135	144,922	1.47%	\$0.81	\$1,731.38	3.8
<input type="checkbox"/>	Water In Africa	Active	\$1.00	931	70,040	1.32%	\$0.79	\$739.03	5.4
<input type="checkbox"/>	Africa	Active	\$1.00	8,402	658,581	1.27%	\$0.87	\$7,324.98	3.8
<input type="checkbox"/>	ONE Campaign	Active	\$1.00	643	50,641	1.26%	\$0.68	\$438.30	2.6
<input type="checkbox"/>	Assistance	Active	\$1.00	63	5,040	1.25%	\$0.82	\$51.46	3.4
<input type="checkbox"/>	AIDS	Active	\$1.00	439	93,264	0.47%	\$0.88	\$387.52	6.6
<input type="checkbox"/>	Emergency	Active	\$1.00	0	2	0.00%	-	-	2.0
Total - all 12 ad groups		-	-	24,244	1,476,420	1.64%	\$0.77	\$18,755.40	4.0

Here we have more detailed statistics. There are 12 specific ad groups, each of which contain several variations of search terms that relate to the name of the ad group. Each ad group has its own set of key statistics, including CTR, average CPC, total cost, and, unlike before, average ad rank. We now have a better idea of what Africare’s campaign looks like, and we understand all the relevant information, so we can examine what is happening with Africare’s campaign specifically and discuss which pieces of it fit with our model and which ones should be altered.

Creating an effective Web ad campaign ultimately means working to ensure uniformity throughout the campaign. To recap, the important components:

- Keywords
- CPC bid
- Quality Score
- Click-Through Rate
 - Ad Text (to a lesser extent)

Only when all of these components are considered can the goal of optimizing the campaign begin. As such, we will describe all four of these factors and explain how to create a uniform campaign, using our work with Africare as an example.

Keywords

Selecting the proper keywords is arguably the most subjective step of the four – and the most difficult to get right. Keyword selection varies depending on the type of organization, its focus, what points it wishes to emphasize or feels will generate the highest search volume, competition for the same phrases from multiple sources, and so forth. Like Feng, Pennock & Bhargava, we found is that organizations that emphasize specific search terms with lower search volume actually see increased traffic and lower costs than those that opt to buy common, high-traffic search terms. Selecting organization-specific terms, which face much lower demand than common terms and are more relevant to the site, will result in a lower CPC bid and improved Quality Score. Additionally, these specific terms almost always result in a higher CTR, furthering increasing Quality Score and lowering total CPC.

Africare has, logically, purchased several search terms relating to the continent Africa. A snapshot of its “Africa” campaign can be seen below (sorted by CTR):

Keyword	Status	Current Bid Max CPC	Clicks	Impr.	CTR	Avg. CPC	Cost	Avg. Pos
help africa	Active	\$1.00	2,588	68,164	3.79%	\$0.84	\$2,170.28	4.2
help needed in Africa	Active	\$1.00	8	244	3.27%	\$0.94	\$7.54	5.1
giving to africa	Active	\$1.00	41	1,395	2.93%	\$0.85	\$34.97	3.7
helping africa	Active	\$1.00	428	16,817	2.54%	\$0.89	\$382.31	4.8
gifts for africa	Active	\$1.00	85	3,771	2.25%	\$0.83	\$70.47	3.4
gifts to africa	Active	\$1.00	56	3,220	1.73%	\$0.84	\$47.05	4.7
Aid Africa	Active	\$1.00	52	3,085	1.68%	\$0.84	\$43.52	4.9
reaching out to africa	Active	\$1.00	2	126	1.58%	\$0.77	\$1.53	1.4
Africa Aid	Active	\$1.00	662	44,029	1.50%	\$0.86	\$567.96	5.3
"africa"	Inactive for search Increase quality or bid \$5.00 to activate	\$1.00	870	71,719	1.21%	\$0.95	\$825.96	3.3
africa culture	Active	\$1.00	1	97	1.03%	\$1.00	\$1.00	1.3
africa people	Active	\$1.00	202	19,703	1.02%	\$0.78	\$157.97	3.7
life quality africa	Active	\$1.00	5	514	0.97%	\$0.74	\$3.69	1.7
africa agriculture	Active	\$1.00	154	15,849	0.97%	\$0.79	\$121.76	3.5
africa	Inactive for search Increase quality or bid \$5.00 to activate	\$1.00	845	108,536	0.77%	\$0.94	\$795.60	3.4
african agriculture	Active	\$1.00	25	4,254	0.58%	\$0.82	\$20.39	3.6
poverty in africa	Active	\$1.00	100	19,579	0.51%	\$0.91	\$91.07	7.3
faces of africa	Active	\$1.00	4	1,157	0.34%	\$1.00	\$4.00	1.8
africa face	Active	\$1.00	3	1,153	0.26%	\$0.96	\$2.89	1.9
[africa]	Inactive for search Increase quality or bid \$5.00 to activate	\$1.00	166	110,401	0.15%	\$0.97	\$160.89	3.5
african people	Inactive for search Increase quality or bid \$5.00 to activate	\$1.00	1	752	0.13%	\$1.00	\$1.00	2.0

As seen here, its top nine search terms all involve giving aid to Africa. Its lowest-performing search terms all have little to do with the goal of the site itself and are, in most cases, too broad or generic. In the case of especially popular phrases, Africare's ads are even Inactive for Search, meaning they will not show until the minimum bid is increased drastically (and in the case of a non-profit, impossibly) higher. Because these terms are only tangentially relevant to Africare's site, they suffer from low CTR, high CPC and Poor Quality Score ratings.

The following chart shows each phrase in this campaign and its respective Quality Score (sorted by CTR):

Phrase	Quality Score
Help Africa	Great
Help Needed in Africa	Great
Giving to Africa	Great
Helping Africa	Great
Gifts for Africa	Great
Gifts to Africa	Great
Aid Africa	OK
Reaching out to Africa	Great

Africa Aid	OK
“Africa”	Poor
Africa Culture	Poor
Africa People	Poor
Life Quality Africa	OK
Africa Agriculture	Poor
Africa	Poor
African Agriculture	Poor
Poverty in Africa	Poor
Faces of Africa	Poor
Africa Face	Poor
[Africa]	Poor
African People	Poor
African Culture	Poor

The conclusion is supported by the facts: every search phrase that directly related to the mission of the site was evaluated as either Great (seven phrases) or OK (two phrases), while the broad, less relevant terms were evaluated as Poor (12 phrases) and OK (one phrase). The rest of the data for each phrase follows a predictable trend: CTR is highest for the best performing phrases, and average CPC among specific phrases is lower than common ones (85.1 cents against 90.5 cents).

The rest of Africare’s campaigns corroborate this story: every phrase in the “Africare” and “Donation” campaigns is evaluated as Great or OK, and each one is Active and currently being shown. Consider also the “Water in Africa” campaign. The search phrase “African Well Fund” has an OK Quality Score while the more general “Well Fund” has a Poor Quality Score. Though in this instance it does not negatively impact Africare – the latter search phrase has a lower CPC (50 cents against 70 cents) and a higher average ad position – it serves to show how a simple change in a search phrase to include the word “African” immediately increases the Quality Score by increasing ad relevance. As stated before, vague search phrases do not perform as well: phrases like

“Bono” and “Bono birthday” are Inactive because AdWords has determined they do not relate to Africare in any way; people searching for Bono’s philanthropy are presumably using other terms to do so, as evidenced by the fact that neither one of these phrases has generated a click-through for Africare.

Setting the CPC Bid

This step can be the most obvious and straightforward step of them all, or it can be a fine line process with a much less simple solution. Whichever scenario takes place is determined by an organization’s daily budget and the type of AdWords account it has. If the daily budget is uncapped or unmet, the simple strategy is to set all CPC bids at their maximum levels; recall these figures as \$1 for non-profits and \$100 for regular accounts. If an organization’s daily budget is not being met, then setting the maximum CPC bid is the optimal strategy; even though each phrase is more expensive than it has to be, bidding the maximum ensures the highest possible ad position – recall that Ad Rank Score is calculated as Quality Score multiplied by Maximum CPC Bid – and therefore the most visible and frequently shown ads. As long as the amount an organization spends per day does not exceed its budget, then every keyword should have a maximum bid attached – especially for non-profits, who are spending grant money to begin with – until the daily budget is met.

Once search demand is high enough and the daily budget is being met, however, CPC bids become more difficult to set, as an AdWords user must pick which phrases to keep at the maximum bid and which phrases to bid less for. At this point, bidding should be done on a term-by-term basis, but generally search terms should have bids closer to

the minimum. The reasoning here is practical: if one dollar of the daily budget is being spent anyway, it is more beneficial to have that dollar go to five click-throughs at 20 cents per click than one click-through at one dollar per click.

The challenge is in determining exactly where to set the CPC bid. As stated, there is no way of knowing the CPC bids of competitors, let alone the number of them, nor is there any way to know competitors' Quality Scores, let alone the organization's own exact Quality Score. How, then, should maximum CPC bid be determined?

Our research points to a method that values search terms with lower competitive demand (and in many cases search volume) as more valuable than common words with higher competition for ad space. The intuitive thinking would be to pay more for the common words and less for the uncommon ones, but our optimal solution calls for something of the inverse of that. By bidding above the minimum for more specific terms, an organization can ensure its ads will perpetually be in or near the top position, ensuring more visibility, a higher CTR and, ultimately, a lower cost (keep in mind that the CPC bid and the actual CPC can be drastically different figures, and if demand for a given keyword is low, actual CPC bid will fall). As such, priority should be given to these kinds of phrases, and the maximum should be bid on them, when possible.

With more common, less specific terms, CPC bid should be kept near the minimum, depending on Quality Score. If a phrase has a Poor Quality Score despite being a commonly searched phrase, its minimum bid is going to be too high to consider bidding (in some cases, the phrase might be Inactive, as with the phrase "Africa" in Africare's case). Assuming a reasonable Quality Score, CPC bids should be kept near the minimum. Although the entire purpose of AdWords is to market products and services to

searchers who otherwise wouldn't have known about them, a lower bid can lead to a chain reaction of positive events. To begin, there is a lower total cost. Ads with lower bids will fall in ad rank, but the benefit is that a click-through will cost less than before in terms of both actual cost and average CPC. What's more, an unlimited budget for any organization is exceedingly unlikely, so the ones that set higher bids will earn top ad rank priority early in the day, but that will diminish over the course of the day as their budget depletes, pushing lower-ranked ads up in the rotation. In other words, patience will lead to about the same results over the course of a day with a lower cost.

To summarize, if the daily budget is unmet, setting each phrase at the maximum CPC bid is the optimal strategy. Once the budget is met, though, CPC bids should be lowered with more common words being lowered before more specific words.

Click-Through Rate

Though this component has already been displayed in previous sections, it is important to discuss here due to its importance in ad effectiveness, as well as its impact on Quality Score. Overall, Africare's CTR is not very high, sitting at 1.65% for all of its search phrases in all of its campaigns. While its best-performing keywords are not an issue here, the ratio of those keywords against poorly-performing keywords is low, which is primarily to blame for the low overall CTR and the relatively high average CPC – especially considering that the maximum CPC for Africare is \$1. While CTR is an important all-around measurement, it is not something that can be directly controlled by an organization. Instead, it is affected indirectly by the other key factors, and it is our

belief that following the changes we recommend later in the paper will increase the overall CTR by a drastic amount.

Quality Score

Though it has been discussed at great length already, Quality Score remains the most secretive factor in AdWords, and the hardest to account for. The Google AdWords support database offers an outline of Quality Score computation but not much more; recall this information can be found in Appendix F.

None of these descriptions come with any information on the weight assigned to each factor, nor does it offer insight into what the catchall term “other relevance factors” means. This list does, however, narrow down the prerequisites for a high Quality Score along the lines of ad text, CPC bid, landing site quality, historical CTR and account history, and keyword selection. In effect, future success compounds upon early success; getting a good start and maintaining a quality ad campaign will lead to high marks in all areas, which will only further improve the Quality Score and improve the value of the campaign.

Ad Text

Creating relevant ad text is a simple but effective way to help drive traffic to a given site; the more compelling the ad text, the more likely a click-through will be. While this paper will not attempt to look at this from a marketing perspective, we will say that mission-specific ads written with “short, punchy copy” have been shown to be the most effective in attracting searchers’ attention.

From the technical standpoint, relevant ad text helps improve Quality Score by establishing a more relevant link to the destination site. This can be a difficult process given the strict ad parameters (25 characters for the Headline, 35 each for lines one and two of the text and the displayed URL), but creating ads custom-tailored to specific keywords will ultimately be the most successful method of writing ad text.

Africare's current advertising methods follow the same formula for each campaign: two ad variations that relate to the overall mission of the site, and one that is campaign-specific. See the example below:

The first two ads are the general ones that appear in every campaign, while the third is specific to the "Food" campaign. In most every campaign, the first two lead the campaign-specific ad in terms of clicks, impressions, and CTR. While this seems counter-intuitive on the surface, consider that the goal of this paper is to create *relevant* ads, not necessarily popular or attractive ones. Also consider that AdWords automatically displays better performing ads more often; with two ads that are seen in every campaign and higher CTR scores in most every situation, success compounds upon success and these ads are shown more often than the campaign-specific ones (this can be seen in the % Served column).

Ad Group: Donation

[Ways To Help Africa.](#)
Help Us Fund Projects All Over
Sub-Saharan Africa. Learn More.
www.AfriCare.org

Active — [Pause ad group](#) | [Delete ad group](#)

1 of 3 - [view all](#)

Summary **Keywords** Ad Variations

Jan 1, 2008 to May 26, 2008 [Change range](#)

+ Add keywords: [Quick add](#) | [Keyword tool](#) [Edit keywords](#) | [Search this list](#) [Customize columns](#)

Pause Unpause Delete Edit Keyword Settings 1 - 6 of 6 keywords.

<input type="checkbox"/>	Keyword	Status [?]	Current Bid Max CPC	Clicks	Impr.	CTR ▼	Avg. CPC	Cost	Avg. Pos			
<input type="checkbox"/>	donate to africa	Q Active	\$1.00	625	10,759	5.80%	\$0.89	\$557.85	4.3			
<input type="checkbox"/>	donating to africa	Q Active	\$1.00	104	2,793	3.72%	\$0.91	\$94.95	5.3			
<input type="checkbox"/>	africa donations	Q Active	\$1.00	813	23,473	3.46%	\$0.89	\$722.76	5.2			
<input type="checkbox"/>	africa donation	Q Active	\$1.00	1,656	49,458	3.34%	\$0.85	\$1,410.30	4.7			
<input type="checkbox"/>	african donations	Q Active	\$1.00	359	11,612	3.09%	\$0.89	\$320.05	5.8			
<input type="checkbox"/>	african donation	Q Active	\$1.00	278	12,517	2.22%	\$0.89	\$246.14	5.6			
Content network total [?]				0	0	-	-	-	-			
Search				On	Default	\$1.00 [Edit]	3,835	110,612	3.46%	\$0.87	\$3,352.05	5.0
Total							3,835	110,612	3.46%	\$0.87	\$3,352.05	5.0

Additionally, even though these custom-tailored ads typically perform worse than their generic counterparts, it does not mean that they are not helpful in increasing Quality Score. Each of Africare’s campaigns consists of between 12-20 search terms, and with only three ad variations these keywords are hardly customized to match the ad text. This helps explain the range of Quality Score ratings found within each campaign. It is our belief, given our research, that creating smaller campaigns with fewer keywords and ads relevant to those specific keywords will ultimately be the most effective strategy in increasing Quality Score and ultimately ad visibility.

Support for our theory can be seen when looking at Africare’s “Donate” campaign, seen below:

Ad Group: Food

[Ways To Help Africa.](#)
Help Us Fund Projects All Over
Sub-Saharan Africa. Learn More.
www.AfriCare.org
1 of 3 - [view all](#)

Active — [Pause ad group](#) | [Delete ad group](#)

Explore the tabs to view details and fine-tune your account. [\[Close\]](#)

Jan 1, 2008 to May 26, 2008		Change range		Summary		Keywords		Ad Variations	
Pause	Unpause	Delete	+ Create New Ad: Text ad Image ad Local business ad Mobile ad Click-to-play video ad Customize columns				1 - 3 of 3 ads.		
<input type="checkbox"/>	Variations	Actions	Status	% Served	Clicks	Impr.	CTR	Cost	
<input type="checkbox"/>	Help Africare Help Africa Since 1970 20K+ Projects & \$540 Mil To Improve Africa's Quality Of Life www.AfriCare.org	Edit	Active	16.2%	25	1,413	1.76%	\$20.02	
<input type="checkbox"/>	Ways To Help Africa. Help Us Fund Projects All Over Sub-Saharan Africa. Learn More. www.AfriCare.org	Edit	Active	13.0%	22	1,129	1.94%	\$17.96	
<input type="checkbox"/>	African Hunger Relief Learn How You Can Help Africa Now. Private US Charity-Partner w/Africa www.AfriCare.org	Edit	Active	7.5%	3	654	0.45%	\$2.85	
4 edited or deleted ads				63.3%	158	5,514	2.86%	\$119.76	
Total: Text ads on content network				0.0%	0	0	-	\$0.00	
Total: Text ads on search				100.0%	208	8,710	2.38%	\$160.59	

The campaign consists of only six keywords, all of which specifically relate to Africare’s mission as a non-profit. As expected, CTR rates are much higher than average, and each phrase has a Great Quality Score. (Though the CPC is relatively high and the ad position is relatively low, it is important to note that these phrases are in high demand from rival organizations, inflating the cost and lowering the position due to high CPC bids. If we use impressions as a proxy for search volume, we can see that these phrases are commonly searched for, and therefore, logically, more competitive.) This can be partially attributed to the fact that one of Africare’s primary goals is to seek donations, but its ad text also matches this goal quite specifically. This is a nearly ideal method of total uniformity throughout an AdWords campaign, which will be addressed further momentarily, but creating relevant ad text for a small group of keywords is a simple and effective way to ensure lower cost per click and better overall performance.

An Ideal Campaign

We have examined Africare and its current AdWords campaign at great length, and we have explored methods of optimizing a campaign using a handful of simple and effective changes, so the final step (essentially) in this process is to help them optimize their campaign for maximum value and performance. Our recommendation to Africare on optimizing its campaign can be found in Appendix G; this section, though, will summarize the key points of establishing an optimal campaign from start to finish for other organizations in general.

Apply for a Google Grant – With an Effective Application

This is a step specifically for non-profit organizations wishing to get started with AdWords but without the budget to pay for a standard account. Besides meeting the basic requirements to be able to apply for a Google Grant, such as 501(c)(3) status and little to no political affiliations, it is important to write a good application for the Google Grants program. Although it seems that few charities will be rejected from this program, it is still important to write as quality of an application as possible to ensure the best terms of a Google Grant. Most of the application consists of fields that are meant to be filled in by the applicant; some of the fields are simple, like the main contact within the organization or its address. Other pieces of information are more technical and may require certain documents to make sure the company has everything it needs to fill out the application. Examples include: Employer Identification Number, annual operating budget, Web site traffic figures, and Google AdWords customer ID if the non-profit is already an

AdWords customer. The majority of the application, however, is a few essay fields that need to be filled out. The rest of this section will focus on the aforementioned fields.

The first essay field asks for the organization's Mission Statement. Most organizations already have a Mission Statement, and it is advisable to simply use that. There is a character limit on this field however, so if the Mission Statement exceeds this character limit it is advisable to shorten it while still addressing the key points. Ideally, it will coincide with Google's primary objectives of helping the world in areas such as science and technology, education, global public health, the environment, youth advocacy, and the arts.

The next section also has a character limit of 500 characters and asks how Google AdWords will help the organization, which is not a lot of room, all things considered, so brevity is key. Before starting the application, the organization should have outlined the goals it wants to achieve, including getting more volunteers or soliciting more donations. Briefly describing each goal the organization would like to accomplish and then explaining how Google AdWords will help achieve that goal is the easiest method.

The next essay question asks for a target audience. This has a character limit of 150 characters, which is only one or two sentences, so hitting the key points – who are the donors, where are they from, and why should they give – is the optimal route here.

The last parts involve advertisement writing and keyword selection. Much of this paper focuses on these two topics. The first step is to consider the goals the company decided it wants to accomplish through this campaign. If it wants to solicit more volunteers, make sure to suggest keywords that deal with volunteers; if it wants donations, it should use words that encourage donations. Perhaps the most important

thing, however, is to suggest words that relate well to the organization. As far as advertisement writing goes, repeating the search phrase in the Headline as well as the text of the advertisement has been shown to be effective. See our examples for Food for Lane County below; once again, to see FFLC's sample application, please see Appendix C.

Create Text Ad

Example:

[Oregon Food Donation](#)
Please help Food for Lane County in ending hunger by donating today.
[FoodForLaneCounty.org](#)

Example:

[Lane County Volunteer](#)
Volunteer at Lane County's largest food bank and make a local impact.
[FoodForLaneCounty.org](#)

Integrate Google Analytics and Checkout ASAP

These two Google services are immensely important in evaluating the effectiveness of the AdWords campaign. Using Google Analytics and Google Checkout together would allow a non-profit like Africare to track not only which search terms are most effective and which lead to the highest amount of conversions, it will allow the collection of demographic information, including geographic location, contact information, and donation amount and frequency. Though Africare currently collects information on its AdWords campaigns, having this demographic information would be instrumental in moving forward with a more sophisticated data analysis of donor behavior and characteristics. It is advisable, then, that any group, whether non-profit or not, add these two scripts to its site in order to start tracking site usage data immediately.

Uniformity of Campaign Aspects

From keyword selection to ad text to landing site quality, a uniform effort is destined to be the most successful way to run an AdWords campaign. Quality Score and CTR will both rise if the chosen search phrases are highly relevant and specific to the organization; repeating the search term in the ad text and creating a high-quality landing page will ensure Google gives an organization the highest possible Quality Score. With AdWords, success compounds upon success, so starting off the campaign optimally will make it easier and more cost-effective down the road.

The best example of a uniform campaign can be seen with the search phrase “help Africa.” As seen in the Keywords section, “help Africa” is the highest-performing search phrase in its specific ad group with a CTR of 3.79% (in fact, the best two search phrases in the group use the word “help”). This is a stellar CTR given the competition Africare faces as a charity focusing on Africa, and it is the fourth-most searched phrase in the group. The key with this phrase, though, is its Quality Score and, thus, its overall relevance – not many search phrases relate better to Africare than “help Africa,” which is literally and simplistically its stated mission, and the three ad variations for the group all use the phrase “help Africa” or “improve Africa” in their Headline, resulting in the repetition we mentioned earlier. Though its actual CPC of 83 cents is rather high, this is surely the result of competition for the search phrase. What’s more, the actual CPC is 13 cents below the bid, and the ads are almost constantly showing, averaging an ad position of 4.2, good enough for the top spot on the right-side Sponsored Links section. If any search phrase among Africare’s 990 existing search phrases can be considered optimal, it is surely “help Africa.”

On the other hand, a large portion of our recommendations relate to eliminating wasteful use of AdWords money. Though technically free, certain keywords are much more costly than others, and many of the phrases Africare has elected to bid on are more harmful than helpful. As a prime example, consider its “Africare” campaign, seen below:

Ad Group: Africare
 Help Africare Help Africa Active — Pause ad group | Delete ad group
 Since 1970, 20K+ Projects & \$540 M+
 To Improve African Quality Of Life
 www.Africare.org
 Left Column

Summary **Keywords** Ad Variations

Jan 1, 2008 to May 31, 2008 [Change dates](#)

+ Add keywords: [Unbound](#) | [Keywords](#) [Add keywords](#) | [Search for ads](#) | [Get more keywords](#)

1 - 12 of 12 keywords

<input type="checkbox"/> Keyword	Status	Current Bid	Clicks	Imps	CTR %	Avg. CPC	Cost	Est. Eas
<input type="checkbox"/> africare	Active	\$1.00	2,734	21,204	12.88%	\$0.30	\$815.79	1.1
<input type="checkbox"/> annual africare	Active	\$1.00	2	31	6.45%	\$0.54	\$1.07	1.3
<input type="checkbox"/> africare memorial dinner	Active	\$1.00	0	3	0.00%	-	-	1.0
<input type="checkbox"/> africare dinner	Active	\$1.00	0	2	0.00%	-	-	1.0
<input type="checkbox"/> africare dinner	Active	\$1.00	0	5	0.00%	-	-	1.0
<input type="checkbox"/> 2008 africare dinner	Active	\$1.00	0	0	-	-	-	-
<input type="checkbox"/> africare 08	Active	\$1.00	0	0	-	-	-	-
<input type="checkbox"/> africare 2008	Active	\$1.00	0	0	-	-	-	-
<input type="checkbox"/> africare dinner john t. walker memorial dinner	Active	\$1.00	0	0	-	-	-	-
<input type="checkbox"/> africare dinner	Active	\$1.00	0	0	-	-	-	-
<input type="checkbox"/> africare memorial	Active	\$1.00	0	0	-	-	-	-
<input type="checkbox"/> africare memorial dinner	Active	\$1.00	0	0	-	-	-	-
Content network total	Off		0	0	-	-	-	-
Search	On	avg. bid \$1.00 Link	2,734	21,204	12.88%	\$0.30	\$815.79	1.1
Total			2,734	21,204	12.88%	\$0.30	\$815.79	1.1

All of these phrases are exceptionally effective: high CTR, low average CPC, and top-of-the line ad position. However, simple analysis explains why this is the case: no one else is bidding on “Africare” as a search phrase, because it is the specific name of the organization. A user who types “Africare” into the Google search box will already know what they are looking for, so including a paid advertisement from them to click on costs Africare 30 cents per click in unnecessary expenditures. While the other sources of waste within Africare’s campaigns are less obvious, the general principle is the same: removing

underperforming terms that are not specific to the site and do not garner a high enough search volume will cause an increase in every major AdWords statistic in short order.

Extensions

Though our guide has been relatively comprehensive in terms of obtaining and maximizing the efficiency of an AdWords campaign, we have taken note of several areas that would act as a good jump-off point for further research. There were several obstacles in our research that prevented us from pursuing these opportunities. There is significant work to be done with, specifically, keeping track of donors and their characteristics, and custom-tailoring ad campaigns to them.

The most important area in which we feel our project could be greatly improved is identification and tracking of donors. The primary obstacle in this case was the lack of data. With the Google Analytics software we are able to get geographic data on the visitors to the site, as well as their demographic information. By extension, we could use this as a proxy for the characteristics of those visiting a site, allowing us to determine what characteristics donors to Africare typically possess. This information will allow us to better target this audience with both ads and perhaps geographic-targeting.

An unanticipated obstacle that we ran into in achieving this goal was the charity's need to get the addresses and keep track of the donors using its own tracking system. This interfered with the use of Google Checkout, which would have been preferable as far as extracting the most amount of data from the process. That way, we could track people from search to amount of donation. However, both organizations we worked with did not want to move away from their current system. In Africare's case, Sage Systems has

generated significant interest among Africare staff as a potential database management system. Sage Systems promotes a donor management system that, though relatively costly, offers uniform collection of donor information and additional e-mail and physical mail targeting. While it would only be ultimately useful for experimental purposes if its data were linked with Google Analytics' demographic data, Sage Systems is still a possible point of exploration, as it is a professionally-run database management system.

Conversely, if we could figure out a way to integrate Google Checkout into the existing AdWords campaign so that the addresses of those who used it could be shown to the charity, it would be very helpful for both the non-profits and our own analyses of the effectiveness of the advertising campaigns, especially in convincing them of the effectiveness of Google Checkout. The only information we currently have is whether or not someone reached the donation page; we do not know whether or not they actually completed a donation. It has been shown that, typically, less than half of the people who navigate to the donation page actually complete a donation, oftentimes only a small percentage of total visitors to the page. Without further knowledge of who actually donated, all we can really do is try to increase traffic to the donation page, not necessarily increase donations.

If online donor management can be arranged, it would be ideal to link repeat donations as well. It is very conceivable that someone might find the charity through an online Web search, but maybe they get involved in this charity and give more money later on. In this case, only the first donation is attributed to the Web search, when in reality there may be several batches of repeat donations that are actually linked to the advertisement. Likewise, someone may already be donating to the charity and simply

uses the sponsored ad as the portal to the Web site, in which case the AdWords campaign did nothing to solicit more donations in that case. Either way, there needs to be a way to track recurring donations that originate through the web search.

Another important aspect that could be greatly improved is writing effective ads. There is significant research in advertising as to what people most respond to in ads. Additionally, there is research on what types of characteristics non-profits should exhibit to attract more donations. With this in mind, one could theoretically develop what types of ads that should extract the most donations from potential searchers.

Furthermore, testing the effectiveness of these ads is an important area of discussion. AdWords has software that allows different ads to be displayed randomly. Using this tool, one could randomly display two different ads on any given search term and see which one solicited more donations (for an explanation of this process, refer to Appendix H).

Finally, an ideal next project would take the groundwork from this paper and apply it to for-profit organizations. There are a variety of issues that for-profits have that non-profits do not, not the least of which involves paying for its own ads. Subsequently, revenue earned by non-profits is essentially equal to profit. For-profit businesses not only have to pay for the ads out of company revenue, they also have to pay for the cost of the good and many other expenses associated with increases in advertising, resulting in marginal cost and marginal profit concerns. There are also concerns about the return on investment. Could this money be better spent on a different advertising campaign? The recurring revenue aspect is even more important when you are dealing with profitable businesses. They may “lose” money on advertising campaigns, at least through the

amount of profit they make directly from online purchases, but perhaps the company gets more customer loyalty or brand exposure, which gives it more business in the future.

These scenarios are under-explored and vital to understand to create a more comprehensive AdWords strategy.

Conclusion

By piecing together comprehensive research on the subject and backing it with an empirical study, we can safely endorse the recommendations made in this paper; by cutting out wasteful search terms (i.e. “Africare” for Africare), putting a priority on lower-ranked search terms, writing efficient and effective ad text, simplifying the donation process, and, most importantly, integrating the Analytics tracking script with a donor database management system like Google Checkout, any organization can obtain and keep its campaign running smoothly, attract more visitors, and learn more about the characteristics of its donors. Though the original goal of our project was to tackle a project along these lines, we have developed a system that increases effectiveness and efficiency of current campaigns – and adding in demographic and donor tracking information is a simple step forward. Africare is equipped with the necessary tools to maintain and improve their AdWords grant, as well as a plan for consolidating their Google program usage in order to track donor information. All the necessary groundwork has been laid, and all that needs to be done is an extension of this project to finish accomplishing the goals Africare has set up – and any organization wishing for a similar result needs only to follow our steps and it can do the same.

Appendix A – A short explanation of project-relevant Google programs

Google Analytics – A Java tracking script that allows Web administrators to track their visitors by a variety of criteria, including information on page views, time of visit, number of pages seen, number of new visitors, how they got to the site, etc. It also allows demographic information on visitors by geographic area, language, operating system, Web browser, etc. Inside the geographic area, visitors can be tracked by country, state, county, city, or other specified geographic region.

Google Checkout – Google’s financial transactions software. It allows users to add the program and Google Checkout processes credit card transactions in a secure manner. Similar to PayPal.

Google Grants – Google Grants is a program that allows nonprofits to apply for an advertising budget grant; if they are accepted, the organization is essentially restricted AdWords users in that they are capped with a relatively small daily budget and a cost per click bid. The “grant” part of this program is they do not have to pay for this advertising.

Google AdSense – Allows Webmasters from independent sites to display relevant Google ads on their site; for every click through, the Webmaster gets a percentage of the revenue generated by the search.

Google AdWords – Google’s advertising program in which users enter an auction for advertising space, bidding on words so their ads will show up on Google searches. This is the core of Google’s business and where almost all of their revenue is generated from; it is also the core focus of this paper.

Google.org – One of Google’s non-profit arms which administers Google Grants program.

Appendix B – Tips for a successful application (Taken from Google)

Google AdWords Information

Google Grants provides eligible organizations with in-kind keyword advertising using Google AdWords so you can connect directly with your target audience. Through simple, short text ads that run on Google.com, thousands (or even millions) of people can learn about your organization online as they are searching for related information. When someone enters keywords (short phrases specifying a particular search query) into Google.com, ads targeted to those keywords appear alongside the search results. Paying close attention to the information below and the Google Grants Program Guidelines will help you to understand the way our advertising program works, and to successfully prepare your application.

How AdWords Work

Our automated system monitors the performance of your ads, and displays the most relevant ads in the most visible position on the page. However, some of your keywords may stop showing your ads on search results if they don't have a high enough Quality Score, which typically occurs when keywords aren't as targeted as they could be, and the ads they deliver aren't relevant enough to what a user is searching for.

Once your campaign is running, you can see how well your ads perform by logging into your AdWords account to view your online reports, including how often people have clicked on each of your ads and keyword phrases, and the value of those clicks.

Effective Ads and Ad campaigns

To ensure your ads are effective, we encourage you to review all the topics below:

Targeting the right audience (reaching constituents in the region and language you specify)

How your target audience finds your organization (developing your keyword lists)

Use keyword matching options for greater effectiveness (AdWords keyword tools)

Give searchers a reason to visit your site (creating effective ads)

Give searchers an easy way to respond (sending searchers to the right landing page)

Tracking conversions (measuring the effectiveness of your Google.com campaigns)

1. Targeting the right audience

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Through AdWords, you can create a variety of campaigns (groups of ads for different audiences or services) as well as target your ads to different geographic locations and languages. The three options for geo-targeting are:

Global or nationwide: Your ads will appear to Google searchers located in, or searching for, results in the country (or countries) you select. This option is best suited for global organizations that serve specific countries.

Regions and cities: Your ads will only appear to Google searchers in the states and/or regional areas you choose. This option is best suited to organizations whose programs are centered in certain cities and states, or when you need to target searchers located throughout a city or cities.

Customized: Your ads will only appear to Google searchers in a specified distance from your organization. This option is best suited to groups serving a limited and specific area.

Languages: You can choose "All Languages" or select any of dozens of languages in which your ads can appear.

2. How your target audience finds your organization

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Ask yourself which keywords – word combinations and phrases – you would type into the Google search box to find your organization's programs and services.

Then, search using Google.com for those keywords you are considering. Make note of both the search and ad results you see, and eliminate the keywords that return results for information unrelated to topics your organization focuses on.

Targeting your ads to the most relevant keywords will help your constituents to find you on Google.com.

Remember that the more specific phrases are always better than general keywords. And a short, well-targeted list of words is much better than a long list of general keywords. We've found that our most successful advertisers use a combination of the following four types of keyword matching options:

3. Use keyword matching options for greater effectiveness

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- Broad matching example

Keyword: breast cancer

If you enter your keyword without any formatting, the AdWords program keyword default is broad match. For example, if your keyword were breast cancer, your ad would show when a Google search includes the keyword breast cancer, regardless of other search terms used or the order in which they were entered. Your ads will also automatically show for expanded matches, including plurals and relevant variations.

Broad match keywords can work very well when the keywords are specific to your organization. For example, here are search queries that might display an ad targeted to the broad match keyword breast cancer:

breast cancer information
cancer of the breast treatment
cancer support breast removal
cancer of the breast in men
support groups breast cancer
breast cancer symptoms
self breast exam to detect cancer

All of the queries above are related to breast cancer, and are therefore relevant. However, the broad match default doesn't work well for general keywords that may be included in searches unrelated to your organization, as in the next example.

Keyword: bears

An organization devoted to saving endangered bears should avoid the general keyword bears. Here are search queries that might display an ad targeted to the broad match keyword bears:

chicago bears
berenstain bears video
collectible teddy bears
bad news bears dvd

None of the searches listed above are relevant to the organization, yet they all include the keyword bear. Keywords such as grizzly bears and black bears would be a better option for the broad match default.

- Phrase matching example

Use quotes: "breast cancer"

If your keyword were "breast cancer", your ad would show when the keyword breast cancer is included in a search in that specific order. For example, your ad would show for breast cancer information, but not for cancer of breast information.

You can specify keywords as phrase matching by surrounding your keyword in quotes. In the broad match queries shown above, note that only the following searches would trigger the ad when breast cancer is entered as a phrase-matched keyword:

breast cancer information

support groups breast cancer

breast cancer symptoms

- Exact matching example

Use square brackets: [breast cancer]

If your keyword were [breast cancer], your ad would only show when a Google user searches on the keyword breast cancer. Your ad will not show if breast cancer research is searched.

You can specify keywords as exact matching by surrounding your keyword in square brackets. This technique works well for singular keywords, keywords that are general, or keywords that might have more than one meaning to a Google user.

- Negative matching example

Use a hyphen: -teddy

If your broad match keyword is bears and you don't want your ad to show for teddy bears, add the negative keyword -teddy.

You can specify keywords as negative matching by preceding an unwanted keyword with a hyphen. This technique works to limit the display of your ad on broad-match searches that don't apply to your organization. For example, if our endangered bear organization wanted to run on the broad-match keyword bear, the following negative keywords should be listed to avoid showing on unrelated queries:

- chicago
- berenstain
- bad news
- teddy

For detailed help with choosing the right keywords and matching options for your campaign, please try our keyword matching demo.

4. Give searchers a reason to visit your site

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The keyword matching options above will help you understand how to target your ad, but what about your ad text? Our experience shows that the more closely your ad relates to your keywords, the more likely a user is to click on your ad.

When someone enters a search query on Google and scans the search results and AdWords ads, your ad text will help Google users decide whether or not to click on your ad.

Our Editorial Guidelines are designed to ensure that your ads attract the right people to your message. We review every ad to make sure it adheres to these Guidelines,

so it pays to be familiar with them. In addition to following the Guidelines, these tips will help you create compelling ads:

Include keywords in your ad text or title.

If your keywords appear in your ad text, Google users immediately recognize that your ad is relevant to their search.

Adopt a clear style.

Short, non-repetitive sentences work best.

Double-check spelling and grammar, and avoid uncommon acronyms and abbreviations.

Identify the unique aspects of your organization and services.

What makes your website useful, relevant, and different?

Call attention to the unique benefits you offer to attract more Google users. Example:

"Search our physician database to find a specialist in your area" or "Chat with other breast cancer survivors."

Use a strong call to action.

A "call to action" prepares your audience for what you want them to do: register, join, subscribe, and so on.

Make sure that this phrase is unique and specific to your program so that it is more informative and compelling, and distinguishes you from the competition.

Example: "Register for membership," "Volunteer in your neighborhood today" or "Call our confidential help line."

One size doesn't fit all.

Use our targeting options (country, language, region, state, zip code) to make sure you reach the right audience.

If your organization has many different programs and initiatives, focus on one audience per ad (you may create up to 25 ad campaigns and up to 100 ad groups with unlimited ads).

View sample keywords and sample ads.

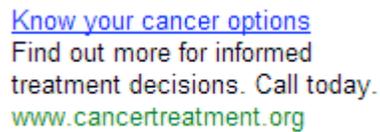
Keywords for sample ad #1:

cancer surgery options

cancer treatments

information about cancer

Sample ad copy #1:



[Know your cancer options](#)
Find out more for informed
treatment decisions. Call today.
www.cancertreatment.org

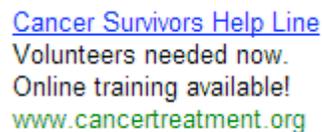
Keywords for sample ad #2:

cancer volunteer

cancer volunteers

cancer survivors

Sample ad copy #2:



[Cancer Survivors Help Line](#)
Volunteers needed now.
Online training available!
www.cancertreatment.org

cancer support groups

[volunteer]

[volunteers]

5. Give searchers an easy way to respond

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Searchers click on your ad when they are interested in what you offer. Make it easy for them to find out more by sending them directly to a relevant destination (landing) page. This web page should refer to something from your ad. (If you offer a free newsletter, the link should go to an easy sign-up page. If you are promoting an event, the ad about that should link to the page about this specific event.) Finally, be sure your landing page is easy and intuitive for the user to understand.

6. Conversion tracking

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Conversion tracking is a free AdWords tool that will enable your organization to track the effectiveness of your Google campaign. After your webmaster inserts the special conversion tracking code we supply, you'll be able to see whether your ad clicks are helping you to achieve your online goals. For example, you can see whether people clicking on your ads "convert" to a membership, newsletter subscription, report download, and so on. You can see AdWords conversion data right down to the keyword level in your reports.

Appendix C – Sample Google Grant application for Food for Lane County

ORGANIZATION INFORMATION

Name of organization:	<input type="text" value="FOOD for Lane County"/>
Legal or official name:	<input type="text" value="FOOD for Lane County"/>
Mailing address:	<input type="text" value="770 Bailey Hill Rd."/> <input type="text"/> <input type="text" value="Eugene"/> <input type="text" value="Oregon"/> <input type="text" value="97402"/>
	Street Street 2
Phone number:	<input type="text" value="541-343-2822"/>
URL of website:	<input type="text" value="http://www.foodforlanecounty.org"/>

CONTACT INFORMATION

Head of organization:	<input type="text" value="John Doe"/>
Title:	<input type="text" value="President"/>
Organization contact person:	<input type="text" value="Jane Doe"/>
Contact person's email address:	<input type="text" value="jdoe@foodforlanecounty.org"/>
Job title / function:	<input type="text" value="Director of Fundraising"/>
Phone number:	<input type="text" value="(541)555-5555"/>
Fax number:	<input type="text"/>

ADDITIONAL INFORMATION

Does your organization have 501(c)(3) status?

Yes

No

Employer ID#:

Organization type:

Other, please describe:

Organization Mission Statement / Primary Objective:

(Briefly describe the nature of your organization, your activities, your clientele and the location(s) of the services you provide – character limit 1000.)

Does your organization operate solely in the San Francisco Bay Area?

Yes

No

Yes, please describe:

Annual operating budget:

Are you affiliated with political advocacy groups?

Yes

No

If yes, which ones?

Explain how you expect Google AdWords advertising will contribute to your organization. *(Please limit your response to 500 characters.)*

Who is your target audience for online advertising? *(Please limit your response to 150 characters.)*

Please provide a sample of an ad you might run through Google Grants. Reviewing the [Google Grants information sheet](#) will help you submit a strong application by following our Editorial Guidelines, and showing an understanding of the way the AdWords program works.

Line 1: 25 character headline

Feed the Hungry

Line 2: 35 character limit

See how you can help.

Line 3: 35 character limit

Volunteer or donate now.

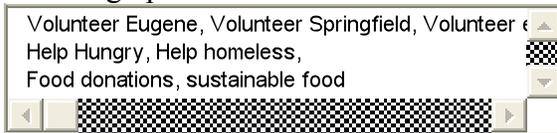
Line 4: display URL (35 character limit)

www.foodforlanecounty.org

Example:

[Save the grizzlies](#)
 Find out how you can help.
 Sign up for our free newsletter
www.endangeredgrizzlies.org

Please provide a list of keyword / keyword combinations that you feel are relevant to your organization. Viewing our [keyword matching demo](#) will help you choose appropriate keywords for your campaign by understanding our broad match keyword default and other matching options.



What are your website traffic figures (page views/impressions per month)?

1,001 - 5,000

Do you have an active paid AdWords account?

- Yes
- No

Yes, please enter your customer ID number:

555-555-5555 (10 digit)

Do you accept online donations?

- Yes
- No

How did you hear about the Google Grants program?

Other

Other, please describe: A Google Grant Recipient

See next page for extended Answers to questions contained within the dialog box

Organization Mission Statement / Primary Objective:

(Briefly describe the nature of your organization, your activities, your clientele and the location(s) of the services you provide – character limit 1000.)

The mission of FOOD for Lane County is to eliminate hunger by creating access to food. We accomplish this by soliciting, collecting, rescuing, growing, preparing and packaging food for distribution through a network of social service agencies and programs; and through public awareness, education and community advocacy.

FOOD for Lane County is the regional food bank serving all of Lane County, Oregon. As the second largest food bank in the state, FOOD for Lane County finds creative solutions to hunger and its root causes. We believe a responsive food bank includes programs that help people help themselves. Food banking also requires the participation of the whole community.

Explain how you expect Google AdWords advertising will contribute to your organization. (Please limit your response to 500 characters.)

The goal of our Google AdWords campaign would be to elicit more donations, both in the form of food and money to better accomplish our core goals of feeding the hungry within Lane county. Another goal is to get the community more involved by getting people to volunteer and participate in more events, whether that be by volunteering in a community garden, or cleaning the warehouse.

Who is your target audience for online advertising? (Please limit your response to 150 characters.)

The target audience of our campaign would be people within Lane County who can give their time effort and skills to our cause.

Keywords:

Volunteer Eugene, Volunteer Springfield, Volunteer etc.; Help Hungry, Help homeless, Food donations, sustainable food

Appendix D – Google Grants program guidelines (Taken from Google)

The Google Grants program helps charitable organizations leverage the power of AdWords™ to engage and inform your constituents on Google. The policies outlined below are specific to Google Grants, and are designed to help your organization use its advertising grant most effectively. It's not possible for us to list all of the potentially inappropriate uses of this program, so if you are a grantee and have questions about the guidelines and your campaigns, or need assistance at any time, please contact us.

Grantee Responsibilities: AdWords is an online, advertiser-managed program. You are responsible for the ongoing administration of your account, and for ensuring your Google ads remain accurate and timely.

- If you leave or change roles, you or your organization must transfer this responsibility to someone else within the organization. You must also notify us about this change.
- The email address associated with your AdWords account must be one that you or someone in your organization monitors frequently.
- We will ask you to share feedback about your Google Grants experience and the impact of the program on your organization via surveys and other communications.

Extent of your Google Grant: Your ads must link to the URL included in your application. You must submit any significant changes of your primary site (or any URL

that links to your Google ads) for our review before they are promoted via your AdWords account.

- Other websites belonging to your organization require our review and approval before they can be promoted through your AdWords account.
- If your organization's focus, website content, and/or URLs change significantly for any other reason, please notify us about the change.

IMPORTANT: If your website currently features Google AdSense and / or other non-Google ads that generate revenue for your organization when visitors click on the ads, please notify us today.

Your AdWords Campaigns: Your ads must reflect the mission of your organization, and your keywords must be relevant to your programs and services.

- Strictly commercial advertising is not allowed through this program. If you intend to promote products or services, 100% of the sales and/or proceeds must support your programs.
- Your Google ads cannot link to pages that are primarily links to other websites.
- Ads offering financial products (such as mortgages or credit cards) or those requesting car, boat, or real estate donations and related keywords are not allowed.

Example of a Mission-Based Ad:

[Shop and Fight AIDS](#)
Our Red Ribbon Collection has
Unique Gifts for a Great Cause.
www.yourcharity.org

Example of Ad Not Based on Mission:

[Unique Gifts for All](#)
Children's books, tee shirts & more
Shop online. Save time and money.
www.yourcharity.org

Google Grants Bid and Budget Caps: There is a limit to keyword bidding and up to \$40,000/month maximum in ad spend through Google Grants.

- You cannot bid more than \$1.00 per click for any keyword.
- Your monthly ad spend will be capped at \$10,000.
- If your account consistently reaches the \$10,000 per month cap, you may be eligible to apply for a \$40,000 per month cap with additional services. Learn more about the eligibility requirements and access the application.

Appendix E – Overview of the AdWords program (Some Taken From Google)

A user signs up for the program (or applies for a grant, in the case of non-profits) and has several decisions to make right away. The first is the kind of advertising they wish to do: cost per click (CPC) or cost per impression (CPM). With CPC advertising, the company is charged only when a sponsored ad is clicked on. With CPM, the company pays for a given number of impressions ahead of time and isn't charged until the ad has been viewed X amount of times. For example, if Africare purchased 1,000 impressions for \$100, it pays the \$100 up front and will not be charged again until the ad has shown up in searches 1000 times. It is important to note that, when using CPM, a search that causes the ad to show counts against the total *whether or not the ad is clicked on*.

It is critical to understand what separates ads that are hardly seen from ads that get immense amounts of traffic, and the answer lies in Google's automated bidding system.

As obtained from Google's information database:

Your ad will compete with ads from other advertisers who also have set their own prices. Your success will be based on how much you bid, the quality of your ad, how many other people want to advertise on the same keywords, and other factors. Very popular topics and keywords (such as real estate or hotels) can cost more because so many other people also want to advertise on them. If you set very low prices on those popular keywords, your ad may appear only rarely or not at all. If you set higher bids on very specific keywords, your ad is likely to appear more often, and in higher positions yielding more clicks, at the price you want.

The second sentence touches on the determinants of ad position: namely, minimum CPC bid, Quality Score, and the actions of competitors. Mathematically

speaking, ad rank is calculated as $CPC \text{ Bid} \times \text{Quality Score}$. Quality Score is a measure of how relevant the ad is to its respective site, but as stated, the score itself is not divulged by Google. Actual CPC paid (not the amount bid) is determined as the minimum value that keeps a company from falling one more position in the rankings.

The most important step in the process is deciding *exactly* what words to bid on. This can be done in myriad ways, but the overall goal is to minimize costs. Logically, words or phrases that are more common (e.g. Africa, Africa information) will cost more and will mean higher competition for advertising rank than lower-ranked, less common phrases. Fortunately, Google expedites the process by offering convenient estimation tools for prospective word purchases.

Here is a sample of Google's estimation software at work:

Calculate Estimates using Max CPC:
 US Dollars (USD \$) 1.00 Recalculate

Keywords related to term(s) entered - sorted by relevance

Keywords	Estimated Ad Position	Estimated Avg. CPC	Advertiser Competition	February Search Volume	Avg Search Volume	Search Volume Trends (Dec 2006 - Nov 2007)	Highest Volume Occurred In	Match Type:
africa aid	1 - 3	\$0.79					Nov	Broad Add
aids africa	1 - 3	\$0.83					May	Add
aids in africa	1 - 3	\$0.85					May	Add
aids in south africa	1 - 3	\$0.80					May	Add
hiv aids in africa	1 - 3	\$0.82					May	Add
aid in africa	1 - 3	\$0.82					Nov	Add
aid to africa	1 - 3	\$0.86					Oct	Add
south africa aids	1 - 3	\$0.81					May	Add
african aids	1 - 3	\$0.80					Apr	Add
african aid	1 - 3	\$0.85					Nov	Add
aids epidemic in africa	1 - 3	\$0.74					May	Add
aids in sub saharan africa	1 - 3	\$0.78					Oct	Add

The phrase entered into the estimation engine was “Africa aid,” which can be seen at the top of the list. The search included potential synonyms as well, which resulted in the ensuing entries. The maximum CPC selected here is \$1 – this is the highest Google will allow a non-profit to pay for one click-through – and the actual estimated CPC is given by the Estimated Avg. CPC column. With a maximum bid of \$1, Google estimates an *actual* price of about \$0.80. Next to that is the Advertiser Competition column, which roughly indicates how desirable a given word or phrase is. Some phrases, like “aid in Africa,” face almost no competition in Google’s bidding system. Others, like “AIDS Africa,” face heavy competition from other bidders. The selected phrase “Africa aid,” faces moderate competition. The chart also shows search volume for the given phrase, broken down three ways: average search volume over time, average search volume over the past month, and average search volume over the last year. While imprecise, this is an important tool in scouting out potential search terms, especially given Africare’s budgetary restrictions. In the case of any non-profit, the daily limit on AdWords expenditures is \$330, so that is one constraint that must be accounted for. As previously mentioned, the maximum CPC bid a non-profit can set is \$1, which must also be kept in mind.

While this is the general auction process, there are still a few unknowns. First, there is no exact way to account for competitors’ bidding information. Second, Google’s estimation engine uses old data – not that there is a lack of it, but it can’t possibly account for the future. Third, it is unclear how Africare’s status as a non-profit causes fluctuations in search volume; it is entirely possible that current events are doing all the advertising Africare needs for them.

Appendix F – Determinants of Quality Score (Taken from Google)

For calculating a keyword's minimum bid:

- The keyword's historical clickthrough rate (CTR) on Google; CTR on the Google Network is not considered
- The relevance of the keyword to the ads in its ad group
- The quality of your landing page
- Your account history, which is measured by the CTR of all the ads and keywords in your account
- The historical CTR of the display URLs in the ad group
- Other relevance factors

For calculating a keyword-targeted ad's position on a search result page:

- The historical CTR of the ad, the ad's display URL, and the matched keyword on Google; CTR on the Google Network is not considered
- The relevance of the keyword and ad to the search query
- Your account history, which is measured by the CTR of all the ads and keywords in your account
- Other relevance factors

For calculating a keyword-targeted ad's eligibility to appear on a particular content site, as well as the ad's position on that site:

- The ad's past performance on this and similar sites
- The relevance of the ads and keywords in the ad group to the site
- The quality of your landing page
- Other relevance factors

The Quality Score for determining if a placement-targeted ad will appear on a particular site depends on the campaign's bidding option:

- If the campaign uses cost-per-thousand-impressions (CPM) bidding:
 - The quality of your landing page
- If the campaign uses cost-per-click (CPC) bidding:
 - The historical CTR of the ad on this and similar sites
 - The quality of your landing page

A quality landing page is defined as having:

- Relevant and original content

- Transparency into the nature of your business, how your site interacts with a visitor's computer, and how you intend to use a visitor's personal information
- Navigability, i.e., providing a short and easy path for a user to purchase or receive the product or offer in your ad

Appendix G – Proposal to Africare

In Africare’s case, we recommend several changes to the existing advertising campaigns which we believe will be of considerable positive effect, based on Google’s comprehensive data on search engine activity for given phrases, its Quality Score assessment, and several pieces of literature on the subject.

To begin, a review of some current statistics. Over \$14.5 thousand has been spent year-to-date, with 19,013 clicks for 1.1 million ad impressions for a Click-Through Rate (CTR; calculated as Clicks/Impressions) of 1.67%, at an average cost of 77 cents per click.

Closer analysis reveals which phrases have the highest CTR (shown) and which are the most expensive. A few other basic observations:

- The most expensive search terms currently being used are from the “Africa” group of ads, which have cost Africare over \$4,500 despite having a poor CTR.
- The “Africare” group has the highest CTR and the lowest CPC, but browsers searching specifically for “Africare” on Google typically already know what they are looking for, and don’t need to click a sponsored link to find the site. This is, in essence, an unnecessary expenditure.
- The highest search volume from these three groups: “Africa” (442k impressions), “Education” (206k) and “Health” (122k). However, these all have relatively low CTR percentages (1.25%, 1.57%, and 1.55% respectively).
- Many ads are not currently being shown on Google search results pages because of low search volume. This is acceptable: the given words (e.g. “African outreach

efforts,” “African governance initiatives,” etc.) are not costing Africare anything and need only to experience a jump in search phrase traffic to be shown. This practice of selecting words that are inexpensive and in low demand will prove to be a key strategy for an effective AdWords campaign.

- Every search term is at the maximum CPC bid right now – this is where the bulk of unnecessary expenditures stems from. Even with a poor Quality Score, the minimum bid is typically 30 to 50 cents; by setting the maximum bid at one dollar, the average CPC ends up costing Africare nearly double that amount (77 cents).
- Since the new Analytics tracking code was added to the site, only 2.05% of Google search results have led to a Conversion (defined as the user reaching the Donations page). Search engine searches account for 56.37% of all traffic, which is promising, but the small Conversion rate is less than ideal. However, some of the ad groups, and even specific keywords within said groups, are performing much better than others. For instance, 8.37% of people searching for phrases in the “Donation” group ended up at the donation page. Among this group, 23.81% of users searching for “African donation” ended up clicking on the ad and following it to the Donations page.
- Users who click on the paid ads spend an average time of 2:35 browsing the site and see 2.99 pages per visit. Upward of 1,000 of the 1,558 visitors (for this campaign) to the site have access to DSL, Cable or T1 Internet connections (over 400 visitors had unknown connections, but it is safe to assume a majority were high-speed), almost every single visitor is from the Americas (65.3%) or an English-speaking country (79.5%). Among U.S. states, California had the most visits to the site (109 visits), Oregon saw the most pages per visit (6.44) and Oklahoma had the highest conversion rate (20%; 1 visitor out of 5 clicked through). The District of Columbia, where Africare is based, had a mere 10 of these 1,558 visitors, and none of them reached the Donations page.

Given this information, here is our list of suggested changes to Africare's advertising campaign:

Do away with the Specific Regions campaign – or at least pare it down.

This is a simple way to cut expenditures. The data so far suggests that the ROI is going to be extremely low, if not ultimately zero, for this search group. Only 121 visits out of the 1,679 total have been via this specific campaign's ads, and none of the visits have resulted in clicks through to the Donations page.

Of all the specific ads, only the ones that read “donate to [region]” or “help [region]” have garnered any serious searches, and they all have the highest Quality Scores; the rest of the searches have such poor Quality Scores and search volume that even if the ads were showing, they would be unnecessarily costly. As such, we recommend keeping only those two variants on the region-specific phrases and cutting out the rest, to minimize “Poor” phrases (Google's Quality Score, which evaluates words based on their CPC bid, relevance to the destination site and other factors; Scores can be Poor, OK, or Great), reduce clutter, and increase CTR.

Do away with the “Africare” group under the General Africa campaign.

This is the top group in terms of CTR, lowest CPC and highest rate of Conversions, but it is ultimately costing Africare more than it needs to. As touched on earlier, visitors searching for Africare are much more likely to know what they are looking for already; the data helps confirm this thought. Users who searched for

“Africare” spent longer on the site than any other ad group (4.01 pages per visit; average length of visit 4:34). Because we can assume users searching for “Africare” already know what they are looking for, having the sponsored ads above or to the side of the regular search results only encourages clicks – even though the first two standard search results both link to Africare.org. Though it has only cost Africare \$663.96 to date, it is money that doesn’t need to be spent and could be spent elsewhere.

Do not change CPC bid; lower it once the budget constraint is met.

This, too, is an easy way to lower total expenditures, and will ultimately save the most money of all these prospective changes. As stated, every phrase currently sits at a bid of \$1 per click, the maximum bid allowed for a non-profit organization. While this ensures the highest possible ad ranking (the order in which ads appear is calculated by multiplying the maximum CPC bid by the Quality Score; Google holds the numerical Quality Score figures internally), it is also the most expensive possible method of advertising.

It is important to note that Google limits Africare’s account to a daily budget constraint of \$330, or \$10,000 a month when extrapolated.

For the sake of anecdotal argument, consider the following results when using Google’s Traffic Estimator, a tool that predicts search volume and estimated clicks given historical searches for the submitted terms. At the current CPC of \$1, it estimates that Africare should get between 327-442 clicks a day from its advertising (parameters included every single search term from the General Africa campaign at the current budget constraint of \$330; see chart below).

Traffic Estimator

[« Revise settings](#) | [Download as .csv](#)

All estimates are provided as a guideline, and are based on system-wide averages; your actual costs and ad positions may vary. To view estimates based on your keywords' performance history, use the Traffic Estimator within the appropriate ad group. [Learn more](#)

Average CPC: **\$0.63** (at a maximum CPC of \$1.00)
 Estimated clicks per day: **327 - 442** (at a daily budget of \$330.00)

Keywords	Search Volume	Estimated Avg. CPC	Estimated Ad Positions	Estimated Clicks / Day	Estimated Cost / Day
Search Network Total		\$0.50 - \$0.76	1 - 3	327 - 442	\$170 - \$330
africa	<input type="text"/>	\$0.50 - \$0.75	1 - 3	155 - 209	\$80 - \$160
africa	<input type="text"/>	\$0.50 - \$0.74	1 - 3	151 - 205	\$80 - \$160
Bono	<input type="text"/>	\$0.47 - \$0.70	1 - 3	4 - 6	\$3 - \$5
aids in africa	<input type="text"/>	\$0.68 - \$1.00	1 - 3	1 - 3	\$2 - \$3
[africa]	<input type="text"/>	\$0.69 - \$1.00	1 - 3	1 - 2	\$1 - \$2
africa education	<input type="text"/>	\$0.50 - \$0.75	1 - 3	0 - 2	\$1
africa school	<input type="text"/>	\$0.44 - \$0.66	1 - 3	0 - 2	\$1
africa schools	<input type="text"/>	\$0.43 - \$0.65	1 - 3	0 - 2	\$1
Africa AIDS	<input type="text"/>	\$0.66 - \$1.00	1 - 3	0 - 2	\$1 - \$2
africa people	<input type="text"/>	\$0.49 - \$0.73	1 - 3	0 - 2	\$1 - \$2
africa aids	<input type="text"/>	\$0.66 - \$1.00	1 - 3	0 - 2	\$1 - \$2
africa donation	<input type="text"/>	\$0.68 - \$1.00	1 - 3	0 - 1	\$1
africa donations	<input type="text"/>	\$0.72 - \$1.00	4 - 6	0 - 1	\$1
africa food security	<input type="text"/>	\$0.45 - \$0.68	1 - 3	0 - 1	\$1
africa government	<input type="text"/>	\$0.41 - \$0.62	1 - 3	0 - 1	\$1
africa politics	<input type="text"/>	\$0.53 - \$0.79	1 - 3	0 - 1	\$1
african government	<input type="text"/>	\$0.36 - \$0.59	1 - 3	0 - 1	\$1

In actuality, Africare has gotten 19,013 clicks year-to-date on the given search terms, an average of 158.44 per day. The Specific Regions campaign, by comparison, has gotten only 2,140 hits a day since the beginning of the year.

Though the difference between Google's estimations and actual search volume is relatively large, consider the predictions when the CPC bid is lowered:

Traffic Estimator

[« Revise settings](#) | [Download as .csv](#)

All estimates are provided as a guideline, and are based on system-wide averages; your actual costs and ad positions may vary. To view estimates based on your keywords' performance history, use the Traffic Estimator within the appropriate ad group. [Learn more](#)

Average CPC: **\$0.14** (at a maximum CPC of \$0.20)
 Estimated clicks per day: **1,126 - 1,692** (at a daily budget of \$330.00)

Keywords	Search Volume	Estimated Avg. CPC	Estimated Ad Positions	Estimated Clicks / Day	Estimated Cost / Day
Search Network Total		\$0.08 - \$0.19	1 - 3	1,126 - 1,692	\$100 - \$330
africa		\$0.08 - \$0.19	1 - 3	538 - 804	\$50 - \$160
"africa"		\$0.08 - \$0.19	1 - 3	523 - 781	\$50 - \$160
"Bono"		\$0.07 - \$0.17	1 - 3	19 - 32	\$2 - \$7
african culture		\$0.08 - \$0.18	1 - 3	4 - 6	\$1 - \$2
africa people		\$0.09 - \$0.20	1 - 3	3 - 7	\$1 - \$2
africa schools		\$0.09 - \$0.20	1 - 3	3 - 5	\$1
aids in africa		\$0.08 - \$0.19	4 - 6	3 - 5	\$1
africa education		\$0.09 - \$0.20	1 - 3	2 - 5	\$1
africa school		\$0.08 - \$0.18	1 - 3	2 - 5	\$1
african people		\$0.07 - \$0.17	1 - 3	2 - 5	\$1
[africa]		\$0.05 - \$0.07	4 - 6	2 - 5	\$1
african schools		\$0.08 - \$0.19	1 - 3	1 - 3	\$1
education in africa		\$0.09 - \$0.20	4 - 6	1 - 3	\$1
africa health		\$0.08 - \$0.18	4 - 6	1 - 3	\$1
africa government		\$0.07 - \$0.17	1 - 3	1 - 2	\$1
africa agriculture		\$0.07 - \$0.16	1 - 3	1 - 2	\$1
poverty in africa		\$0.09 - \$0.20	4 - 6	1 - 2	\$1

As the chart shows, the average CPC falls to around 14 cents, and estimated clicks jump to nearly four times their anticipated levels, between 1,126-1,692 per day. Although the estimated Ad Position for most of the ads falls dramatically for most of Africare's search terms – even with Africare's current budget and CPC bid, the average ad position is 4.4 – this will save a considerable amount of money in the long run.

This recommendation comes with a few caveats. Specifically:

- Words with higher search volume are more competitive, and the maximum CPC should be boosted for them.
- Words with low Quality Scores should either be 1) Removed from the campaign entirely, 2) Have their ad text revised to better match the search term, or 3) Given a higher CPC bid to boost search lags. There isn't a scientific method to this, specifically, but it can be done on a term-by-term basis.
- Right now, not enough money is being spent to maximize the budget constraint – until the daily limit is reached, there is *no need* to adjust CPC bids. Bidding the maximum amount increases the Quality Score and thus ad position. Once the daily limit is reached, however, this form of optimization will be necessary.

Add Google Checkout to integrate existing Analytics code with financial returns.

The existing Analytics code tracks Conversions as whenever a searcher reaches the Donations page from the Google search page. By using Google Checkout along with Analytics, Conversions can be measured from a financial perspective as well. Based on our experience with Checkout, it is simple to set up and requires users to enter a name, e-mail address and mailing address to make a “purchase” (Google Donations works for non-profit organizations, though; we haven’t been able to use this in our test, but it seems simple enough). This level of synergy will make it easier to manage the Africare account (there would only be the one log in name and password) and much easier to track a uniform set of data that is consolidated in one place.

Create more Emergency Funds for specific crises.

The current “Emergency Fund” campaign has had fairly good success when active, for multiple reasons: search volume during major world events (flooding and famine, for instance) increases as media coverage does, not to mention research suggests that more value should be placed on specific, less common search terms. These phrases will be cheaper than normal words, more topical and thus more likely to be searched for as events arise, and will ultimately provide a solid return on investment.

Add more search phrases.

Though there are already several hundred search phrases, there is no harm in adding more to the list, especially less common phrases that still relate to Africare’s line of work. By targeting more specific phrases and ensuring the ad text is unique to the

given search terms, Quality Score will increase and minimum bid will fall – which means you’ll be paying less for phrases that almost no one else is buying in the first place. If none of the phrases pan out, that’s ok: it won’t cost Africare anything if no one is clicking. It will do no harm and has the potential to be effective.

Appendix H – Creating an experiment within Google AdWords (Taken from Google, but simplified)

Steps

Follow the following route through the account: Campaign Management → Website Optimizer → New Experiment (see image below)

For an A/B Experiment (recommended for Africare/FFLC):

lgreen@africare.org

Google AdWords

Campaign Management | Reports | Analytics | My Account

Campaign Summary | Tools | Conversion Tracking | Website Optimizer

Tools > Website Optimizer > New experiment

What type of experiment would you like to create?

Not sure which type of experiment is right for you? [Learn more about Website Optimizer experiments](#)

A/B Experiment - The simplest way to start testing fast [Create »](#)

This method compares the performance of entirely different versions of a page. Use it if the points below describe your desired experiment.

- Your page receives fewer than ~1,000 views a week
- You want to move sections around or change the overall look of the page

Multivariate Experiment - The most robust way to test lots of ideas [Create »](#)

This method compares the performance of content variations in multiple locations on a page. Use it if the points below describe your desired experiment.

- Your page receives more than ~1,000 views a week
- You want to try multiple content changes in different parts of the page simultaneously

1. Choose the page you would like to test

Examples of potential test pages could be your homepage or a product detail page.

2. Create alternate versions of your test page

Create and publish different versions of your test page at unique URLs so that Website Optimizer can randomly display different versions to your users. These URLs could be bookmarked by your users, so after your experiment finishes, you may want to keep these URLs valid.

3. Identify your conversion page

This is an existing page on your website that users reach after they've completed a successful conversion. For example, this might be the page displayed after a user completes a purchase, signs up for a newsletter, or fills out a contact form.

For a multivariate experiment:

1. Identify experiment pages
 - 1a. Plan your experiment
 2. Add JavaScript tags to experiment pages
 3. Create variations
 4. Review experiment settings and launch
 5. View Report

Appendix I – Literature Review

Marketing Information

It is first important to note that increases in advertising will, in fact, lead to higher traffic (Cotriss 2002), demonstrating a clear and substantial return on investment. With this in mind, we can lay the groundwork for the rest of our assumptions. There are two other main assumptions we need to make: first, that Web users enjoy and respond to simplicity in their browsing; and second, that practical analysis can point us in the direction of optimal search terms, even in the face of constantly-changing competition in Google's auction format.

Beginning with the first assumption, it is vital to understand the consumer mindset when trying to cater to an audience deluged by constant advertising. The Internet allows near-instant access to information, which makes competition for consumers' attention more difficult than ever before. Fortunately, several studies help shed a light on their mindset and explain what appeals to them, and a common theme is simplicity. The

Nielsen Norman Report Group (2007) conducted a survey of 64 users asked to visit 40 different sites and found that trust (defined as a user's "willingness to risk time, money, and personal data on a website") was the most important factor to browsers. Likewise, Novak, Hoffman & Yung (2000) finds that users who achieve "flow" (defined as having "(1) high levels of skill and control; (2) high levels of challenge and arousal; and (3) focused attention; and (4) is enhanced by interactivity and telepresence") become so engaged with browsing that "thoughts and perceptions not relevant to navigation are screened out, and the consumer focuses entirely on the interaction." This state of being unaware of alternative products or services is key, because consumers who are encouraged to compare one product or service to another results in more risk-averse behavior, meaning lower and less frequent bids for items and lower customer retention.

A marketing perspective offers additional insight into the matter. With only three lines of text to work with, writing attention-grabbing ads is a difficult but important task. To help improve ad relevance, Usborne (2007) suggests ad text should specifically target a given audience, and should make use of "short, punchy copy." Using Google's database of knowledge, we know that having more relevant advertising increases CTR (click-through rate; the ratio of ads clicked against ads displayed during searches), improves the Quality Score and makes CPC (cost-per-click) lower, exponentially compounding success on top of success – and, likewise, failure on top of failure. By following such suggested marketing techniques, the customer can achieve "flow" more easily, and the customer experience is enhanced.

Appendix J – Charitable Giving

The early economic literature on charitable giving attempts to explain charitable giving using a model of “pure altruism,” in which the individual derives utility purely from the public good. Olson (1965) shows that using this model that the public good will be underprovided for. An alternative explanation proposed by Adreaoni (1989) proposes the theory of “Warm Glow,” the basic idea that people give to charity not only because they may derive utility from the charity itself (i.e. donating to the art museum in order to get special privileges that allow special entry into the museum) but feel good about the act of giving itself. This model helps to explain giving across income levels, which was a limitation of previous pure altruism models. Hollander (1990) proposed a caveat to the Warm Glow model, suggesting people may not derive utility from the amount of the gift itself, but from the perceived relative amount of the gift. In other words, it does not matter if one gives \$5,000 if everyone else is giving \$10,000 to the museum.

Glazer and Konrad (1996) model public charity as a means of signaling income, and the ability to associate with people of the same or higher social status. Individuals can signal wealth by consuming private goods but they may not choose this method exclusively. Additionally a model was presented in Harbaugh (1998) further explored the idea that benefits from charitable giving may arise in two different ways: interval giving (i.e. altruism), and the benefit derived from other people knowing how much had been given. This helps explain why large anonymous donations are rare, while universities that receive large donations name buildings after donors. It is important to note that the precise amount does not have to be revealed as long as people can guess at the amount. This is supported by the idea that when a university institutes recognition brackets, such as gold donor, silver donor, etc., people tend to give the minimum amount in order to make the next level.

Dawson (1998) proposed four categories of motivation for charitable giving: career advancement, income advantages, reciprocity, and self-esteem. The study uses survey evidence to try to explain giving to medical research causes. The results show that for giving to medical research both income advantages and reciprocity are significant, while the other two have the expected signs, the results are insignificant.

There is much evidence that taxes play a role in charitable giving. Auten, Sieg, and Clotfelter (2002) show that the trend in inequality of donations by high versus low-income individuals is partially explained by the stronger trend in increased income inequality relative to the trend of increased uniformity in taxes.

The subsidization of charities and the crowding out effect have also been studied extensively in economics. Brooks (2000) proposes that crowding out of private

donations may exist, but they only occur at high levels of subsidies. This stems from the belief that donors treat grants as imperfect substitutes for charitable giving that follows from models with impure altruism. Adreoni & Payne (2003) proposes that a second reason, a strategic response of a charity to reduce fundraising efforts after it has received a grant. They suggest that analysts should account for behavioral response of the charity as well as the response of donors when evaluating government grants. Payne (1998) found that when using an OLS regression controlling for heterogeneity and other factors, the crowding out effect is insignificant for nonprofit shelters. However, when they controlled for endogeneity using 2SLS, then donations average 50 cents on the dollar.

Appendix K – Characteristics of Charitable Givers

It has been found that religion effects charitable giving in both time and money. Brooks (2003) found that a secular person is 23% less likely to give money than a religious person and 26% less likely to volunteer. A possible explanation, he posits, is that secular people may prefer government to take care of social problems, or religion is key in promoting social capital. It has been found that the price of giving is almost zero and completely insignificant for religious donations, though religious individuals do take their marginal tax rate into account when donating to non-religious charities.

Additionally, Kitchen (1992) found that both wealth and the age of head of household are important determinants in charitable giving to all charities either religious or non-religious. Adreoni, Brown, & Rischall (2003) found that men and women have different preferences as far as giving to charitable causes. Men prefer to give to a few charities, but give a substantial sum to each, while women prefer to give to more charities

but a smaller sum to each. It was found that in married couples that the charitable giving preferences go largely in the direction of the husband's preferences. When couples begin to bargain over giving instead of letting one take charge, giving is reduced by an average of 6%.

Venable, Rose, Bush, & Gilbert (2005) study important factors in marketing non-profits. The results yield four dimensions of brand personality that are extremely important: integrity, nurturance, sophistication, and ruggedness. Thus current and potential donors ascribe personality traits to nonprofit organizations and differentiate between nonprofits on the basis of the organizations' personality. A non-profits brand personality has been found to influence the potential donors' likelihood to contribute, and the amount that a particular donor will contribute.

Schervish & Havens (1997) find that youthful experience in charity is associated with higher levels of adult giving, not just to that charity but to charity in general, they also found that community association and social participation also lead to larger percentages of income being donated to charity as an adult. Participation and commitment to religious institutions is very strongly related to giving behavior, and participations in other types of philanthropic organizations have a major impact on charitable giving. Schervish theorizes that much of this has to do with the identifiable victim, and association with the needs of others. The practice of caring and meeting the needs of others fulfills ones own needs.

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