



The Five Mill Method

Search Marketing Lost it's Tail

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History - The Beginning

CPM Advertising

- Buy advertising space on the web
- Pay per thousand impressions
- Advertised with banners

History - Search Marketing

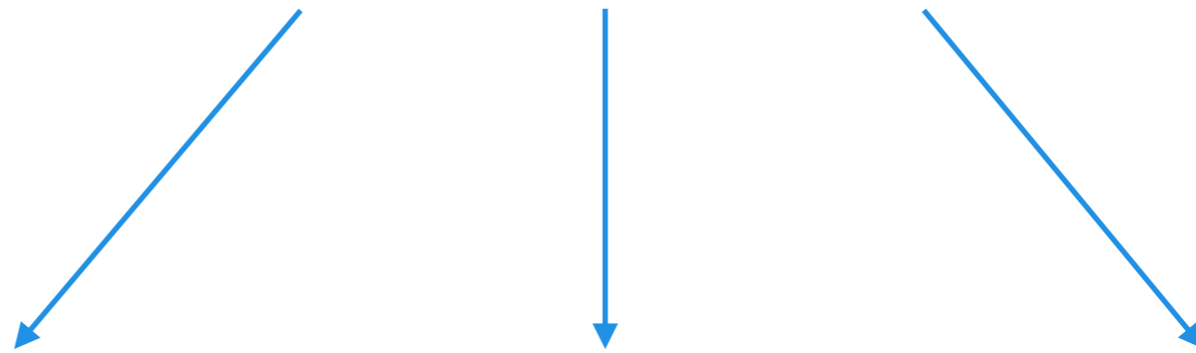
PPC Advertising

- Invented by GoTo/Overture in 1998
- Paid per click on Search Engine ads
- Keywords were discreet
 - Bidding on any of a list of "keywords"
 - Search Engines would map the individual "keywords" to a list of search queries

History - Keyword Mapping

“Keyword”:

california socks



Search Queries:

**California wool
socks**

**California blue
socks**

**California SOX
compliance**

Note: These are just examples and keywords may not have mapped exactly as depicted.

History - Keyword Landscape ('98-'02)

Overture Inventory Tool

Search: socks

Result:

	Keyword	Searches	
	socks	5,000	Head
	red socks	400	↑
multiple definitions →	wool socks	300	
	pink socks	250	
	toe socks	200	
unrelated →	socks compliance	190	Tail
unrelated →	sock fetish	180	↓
	⋮		

History - Building Ad Campaigns

Step 01: Build Adgroup(s) for "Head" word(s)

- 1a. Test ads
- 2a. Pick best performing ad
- 3a. Bid keyword
- 4a. Re-bid if/when performance changes

Step 02: Build Out "The Long Tail"

- Keyword Tools
- Spreadsheets
- Web Logs

Google Changes the Game

Google

- Launches Adwords in 2000
 - CPM Model
 - Model was unbalanced
 - Inefficient & ineffective for Google and advertisers
- Google re-launched Adwords in 2002
 - CPC Model
 - CTR
 - Bid Price

Google Changes the Game

The Important Features:

- Match type
- Geo-targeting
- Dayparting

"New" Keyword Landscape

Then

Now

Keyword

Searches

socks

socks

5,000

Head

red socks

400



wool socks

300

pink socks

250

toe socks

200

socks compliance

190

Tail

sock fetish

180



All words related to
"socks"



"New" Keyword Landscape

socks



Lengend

Match Type

Broad

Phrase

Exact

Geo-Targeting

Example

socks

"wool socks"

[socks]

GT: CA

Bidding Methodology Revisited

Then

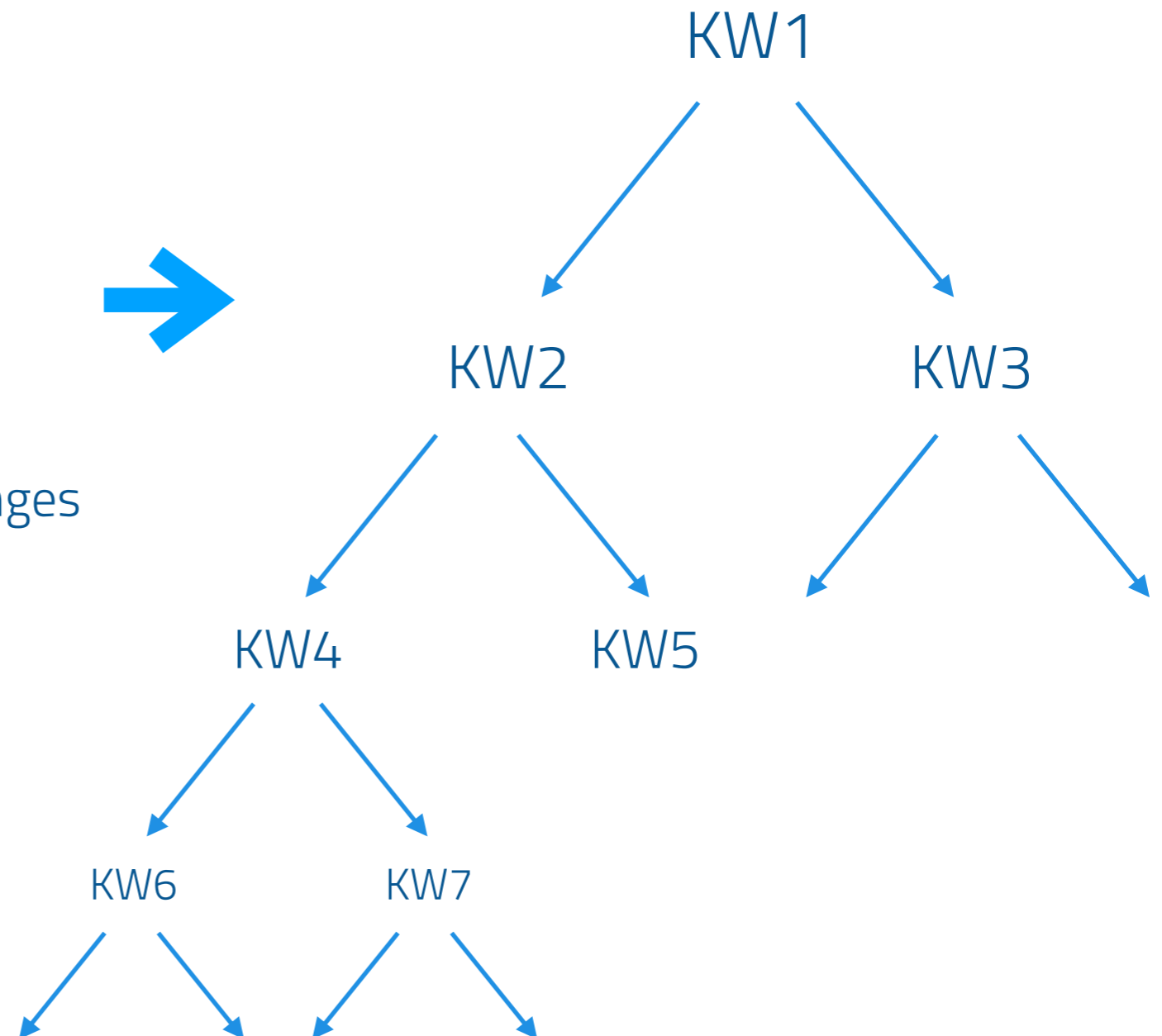
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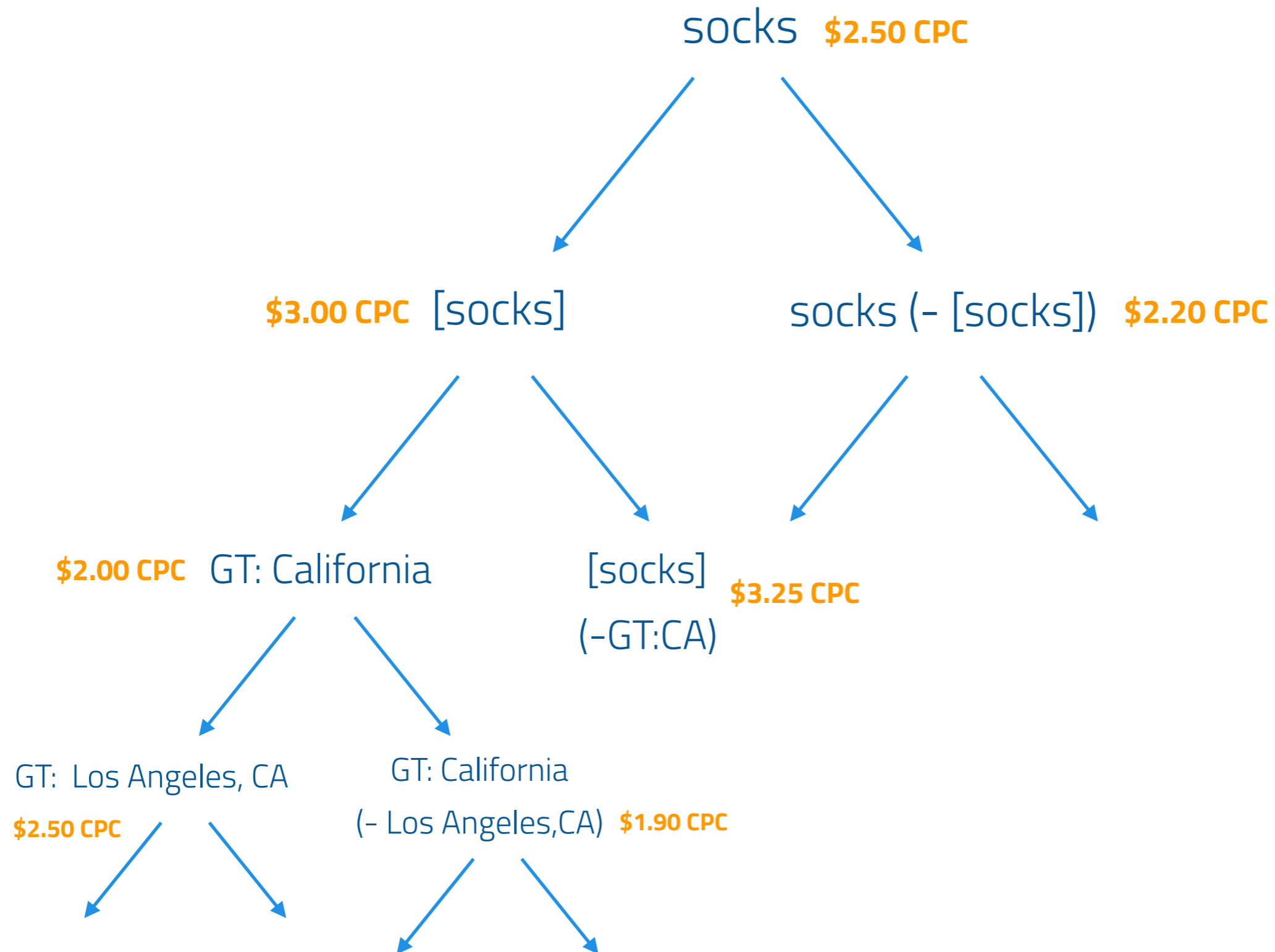
Step 02: Build Out "The Long Tail"

- Keyword Tools
- Spreadsheets
- Web Logs

Now: "Five Mill Tree Method"



"Five Mill Tree Method"



Barriers of Entry – Geo-targeting

"But, why optimize!? I am already #1 everywhere!!!"

Keyword: [socks]

You: **CPC:** \$2.50

Competitor: **CPC:** \$3.50

Avg. Position: 1



1. In aggregate, competitor does not lose too much money.
2. Competitor can determine where ads work and where they don't.

ps. My apologies to Hawaii and Alaska residence, whom I chose not to include in this example. I promise it was for no other reason than fitting the map on the page. I love you both.

Barriers of Entry – Geo-targeting

Keyword: [socks]

You: CPC: \$5.00 CPC: \$1.00

Avg. Position: ~~1.5~~ 1.5

Competitor: CPC: \$3.50

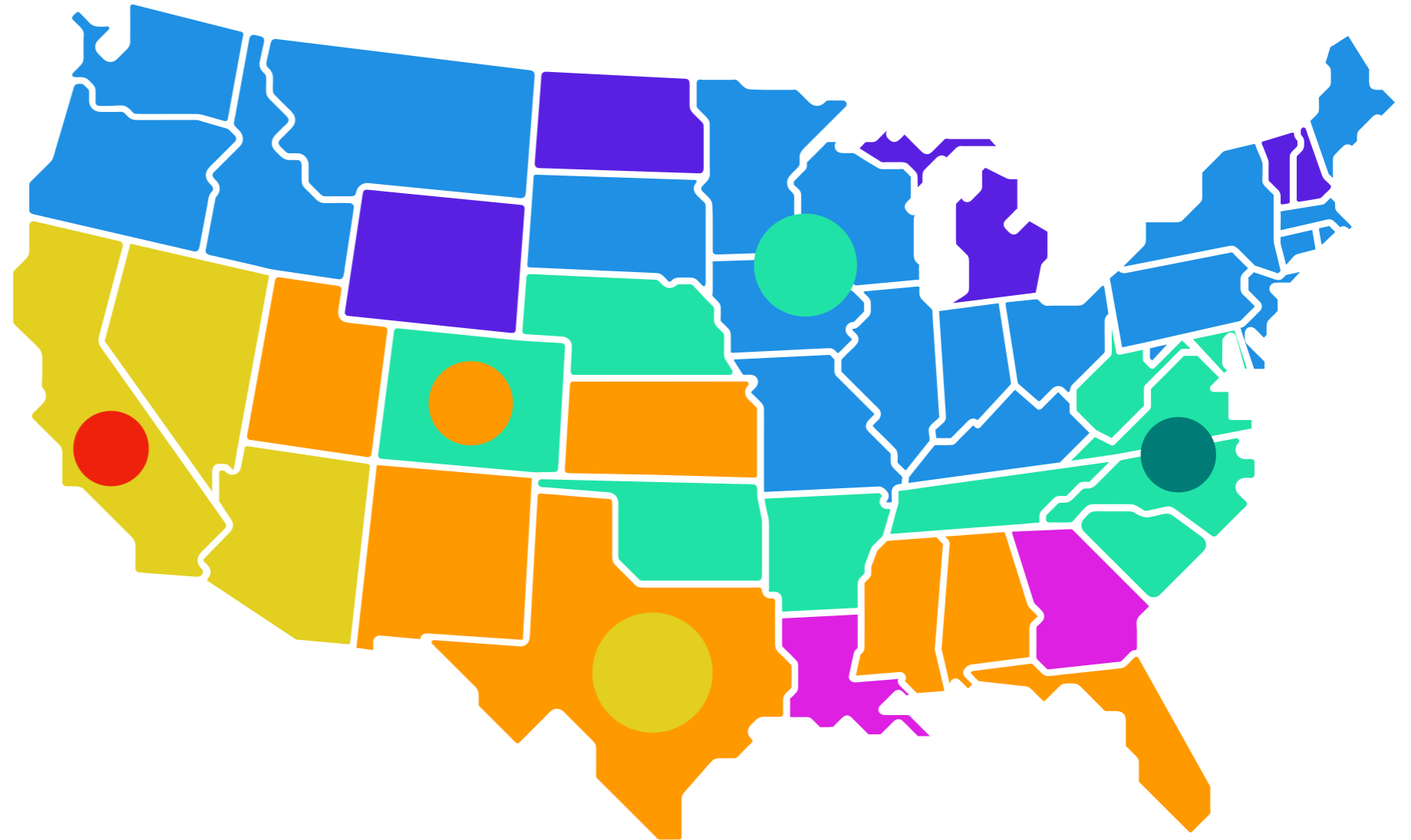
Avg. Position: 1.5



1. Competitor gets good ad position.
2. Competitor gets relatively bad traffic.
3. Competitor does not analyze traffic too closely and finds Search Marketing unsuccessful.

Barriers of Entry – Optimized

CPC: \$6.00	Pos. 1
CPC: \$5.00	Pos. 1
CPC: \$1.50	Pos. 1
CPC: \$1.00	Pos. 1
CPC: \$.50	Pos. 2
CPC: \$.20	Pos. 4
CPC: \$.10	Pos. 10



1. As you “slice and dice”...

A) Competitor CPA will **increase** and/or conversions **decrease**.

B) Your CPA will **decrease** and/or conversions will **increase**.

2. Optimization will protect **your margins** from competitors who start to bid more aggressively.

Added Benefits of Optimization

- Targeted adgroups -> Targeted ads
- History with optimized ads -> high quality scores & low CPCs
- Increased granularity and profitability

Rules about “Five Mill Tree Method”

Optimization with the “Five Mill Tree Method” will nearly always lead to...

1. Increased conversions at the same overall CPA.
2. Decreased CPAs.
3. Increased Barriers of Entry.

Reminder

**“Five Mill Tree Method” is not just match type manipulation/optimization.
It can be done with Geo-targeting, Dayparting, Ad competition and more!**



Who are we?: We are a **team** of Search Marketing **experts** that utilize **math** and **computer science** with a **hands-on approach** to solve **complex** Search Marketing **problems** with **customized** Search Marketing **solutions**.

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Appendix

Techniques/Tricks to Slice and Dice

Techniques/Tricks to Slice and Dice

- Match Type "Trumping"
- Geo-Target "Trumping"
- Ad Competition

Match Type "Trumping"

- 2 Identical Ads
- 2 **Different** Match Types
- 2 **Different** Bids

socks

Match Type: Broad

CPC: \$3.00

[socks]

Match Type: Exact

CPC: \$1.00

User Query: [socks]



This query is mapped to this keyword because Google sees that the query is a closer match to the keyword **and** match type **despite the lower bid**.

Geo-Target "Trumping"

- 2 Identical Ads
- 2 Identical Match Types
- 2 **Different** Geo-targets
- 2 **Different** Bids

[socks]

Match Type: Exact

Geo-Target: USA

CPC: \$3.00

[socks]

Match Type: Exact

Geo-Target: New York

CPC: \$1.00

User Query: [socks]

User Location: Brooklyn, New York

This query is mapped to this keyword because Google sees that the geo-target is a closer match, **despite the lower bid.**

Ad Competition

Situation:

I have **1 adgroup** with **10 keywords** and **2 ads**.

Problem:

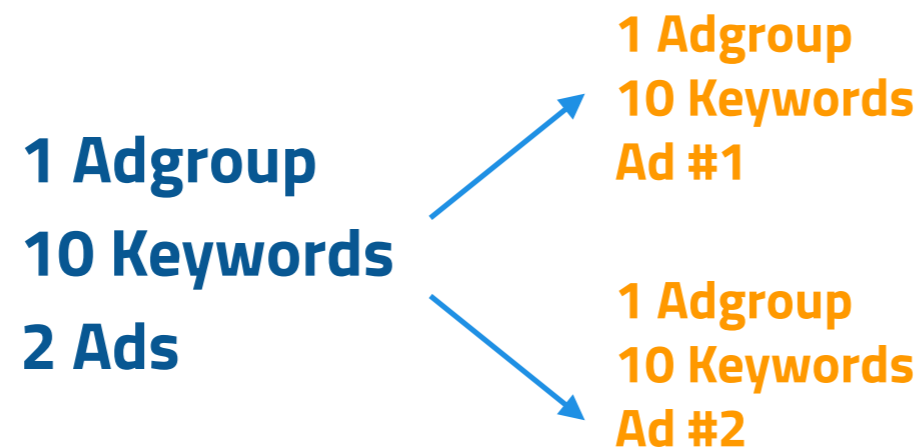
I think the **first ad** is performing better for **some keywords** and the **second ad** is performing better for **the rest**. **How do I optimize without analyzing my web logs?**

Ad Competition

Resolution: Let Google do the work for you!

Step #1: Make sure bids are targeting current metrics of success

Step #2: Duplicate adgroup and run 1 ad in each



Step #3: Let ads run until they have ample conversion history

Step #4: Re-bid to current metrics of success

Step #5: Wait and repeat Step #4

Wrap your head around it: Due to **Google's CTR model** designed to make them the most money possible and your **re-bidding** designed to hit your metrics, you will **maximize conversions** and the **best keyword-ad combination** will naturally occur.