

# COMPLETE GUIDE TO SUPER-HIGH CLICK-THROUGH RATES

THE SECRETS BEHIND ADS  
WITH 3X THE AVERAGE CTR

LARRY KIM,  
FOUNDER AND CHIEF  
TECHNOLOGY OFFICER



WordStream



GUIDE

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What's the average click-through rate for a Google AdWords ad? When people ask this question, it's often because they want to benchmark their own ad CTR's. Unfortunately, way too many advertisers are content to reach an average click-through rate and leave it at that.

We recently held a well-attended webinar packed with crazy techniques you can use to **triple your AdWords click-through rate**. Sounds unbelievable, right? It's not at all — in fact, we walked step-by-step through a process that helps marketers improve their ads to the point they're performing in the **top 1%** of all ads across the platform. And this guide will show you how to do it.

You'll learn:

- What Is a Good CTR?
- Why Ad "Unicorns" Matter
- How AdWords Quality Score Works
- What Makes the Top 1% of PPC Ads Tick
- How to Find Your Own Unicorns
- Why You're Not Testing As Many Ads As You Think You Are
- Bonus Tip: Mobile Ad Optimization
- What Does It All Mean?

First, we have to establish one very important thing: a lot of the experts you're currently turning to for advice don't know what they're talking about.

## WHAT IS A GOOD CTR?

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**Marketers who are satisfied with 2-5% CTRs, despite conventional wisdom telling you this is a good thing, are underachieving.**

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There are hundreds of articles about click-through rate littering the web, but no one really likes to give a direct answer to, "What is a good CTR?" Much depends on your industry, competition and goals. However, we can tell you this: marketers who are satisfied with 2-5% CTRs, despite conventional

wisdom telling you this is a good thing, are underachieving.

In our webinar, we first looked at two ads side by side and asked the audience to identify the "winning" ad.



## Live Poll Question: Which Ad Wins?

### a) Ad A

- 32,423 Impressions
- 453 clicks (1.4% CTR)
- Average Position: 2.8

### b) Ad B

- 36,223 Impressions
- 760 clicks (2.1% CTR)
- Average Position: 3.0



### Assumptions:

- Both ads were running during the same time period (last 7 days), ads “rotating” evenly on the Google Search Network.

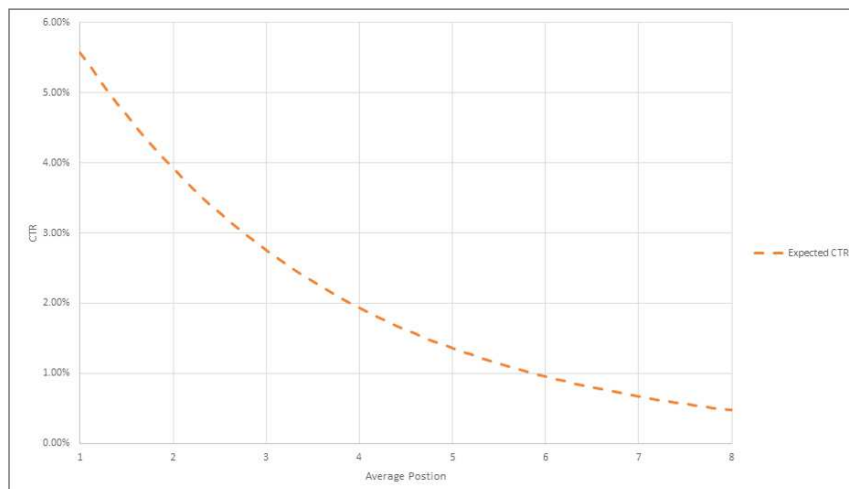
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Larry Kim (@larrykim) #wordstream

Not surprisingly, the ad with the higher CTR was selected as the winner by an overwhelming 81% of people.

I wasn't being entirely fair, though; it was a trick question. **Neither ad had a good CTR and therefore neither were winners.**

We can't see our competitors' data, so we don't know if their CTRs are similar to ours. What we do know is that whether or not your click-through rates are “good” largely [depends on your ad position](#). Ads in higher positions naturally have higher CTRs than those with less prominent placement.



The above chart reflects the average CTRs per ad position, based on our analysis of nearly 100,000 advertiser accounts representing \$3 billion in annualized spend. We have a pretty good idea of the bigger picture when it comes to the CTRs real advertisers are actually experiencing.

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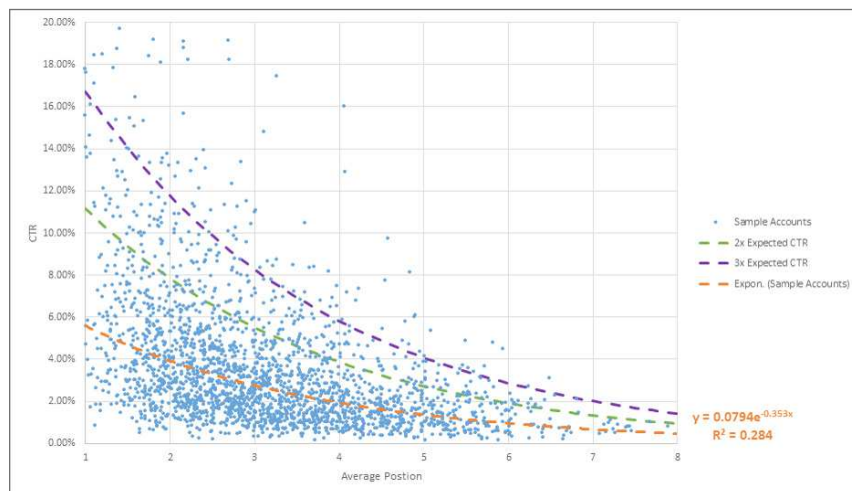
**When you were a kid, did you lie awake at night dreaming about how you were going to achieve your goal of growing up to be average?**

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So the ad in the second position has an average click-through rate of 4%. That's good right? **No, that's average.** When you were a kid, did you lie awake at night dreaming about how you were going to achieve your goal of growing up to be average? Of course not. Even in the third and fourth positions, 2-3% CTRs are just average, so if this is

what you're seeing in your account, you have a lot of room to grow.

Averages are great, but we needed to dig into specific accounts to see just how much variance there is between advertisers. What we found is that CTRs vary widely between advertisers, as you can see in the chart below. Remember, these are not keywords — each blue dot indicates an advertiser account. To keep it clean, we eliminated low activity and low spending accounts.



In this chart, you can see the expected or average CTR curve in orange, but I've also added the green and purple curves, to show you what you should aim for if you want to achieve CTRs two to three times the average.

We can see from this data that there are, indeed, a few stand-out accounts who are killing it and outpacing their competitors by far. **What does it take to be one those stand-out advertisers?**



# Stop Wasting Money In AdWords

Get Actionable Advice on How to Improve  
Your Account Now with WordStream's  
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Performance Report Now >>>

[www.wordstream.com/google-adwords](http://www.wordstream.com/google-adwords)



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The bottom 50% of advertisers are achieving CTRs of average or lower. If you want to be in the Top 15% in the very competitive Google AdWords landscape, you would have to achieve an average CTR across your account two times higher than the average (we call these Awesome Advertisers). Three times the average CTR makes you a Super Awesome Advertiser, which about 1 in 20 advertisers accomplish.

Why not shoot for the stars, though? **If you want to be in the top 1%, you need an average CTR six times higher than the standard – we call these “Unicorns.”** They’re rare, but I promise you, AdWords Unicorns exist. They are not inherently better than you are; they simply work harder and optimize better.

Here, you can see in more detail what it takes to be an AdWords Unicorn, with the required CTR for each ad position listed in this table:

Percentile	Vs. Expected CTR	Name
Bottom 50%	Below Expected CTR	“Junky Advertisers”
Top 15%	2X Higher	Awesome Advertisers
Top 5%	3x Higher	Super Awesome Advertisers
Top 1%	6x Higher!!	<u>Unicorns</u>

So how do they do it? First, we need to understand...

## WHY UNICORNS MATTER & HOW ADWORDS WORKS

Understanding [how the AdWords auction works](#) is critical if you are going to optimize and improve your performance.

AdWords is a live auction, much like eBay. Google needs to determine the ranking position for each ad, as well as the cost of each click, in real time for each ad in the auction.

Google uses Ad Rank to help determine your placement in the auction and your CPC. This is calculated by multiplying the maximum cost per click bid (the most you’re willing to pay for a click) by your Quality Score (Google’s rating of the quality of your ads). (Note: [Google recently updated Ad Rank](#) to include the expected performance of ad extensions, but the basic principle is the same.)



In this example, you can see exactly how much Quality Score can affect your performance in this live auction. The top advertiser, who achieved the #1 ad position, had a Max Bid \$2 lower than his competitor, yet his Quality Score and therefore Ad Rank are far higher, resulting in a better position and lower CPC:

	Max Bid	Quality Score	Ad Rank	Actual CPC
Advertiser I	\$2.00	10	20	$16/10 + 0.01 =$ <b>\$1.61</b>
Advertiser II	\$4.00	4	16	$12/4 + 0.01 =$ <b>\$3.01</b>
Advertiser III	\$6.00	2	12	$8/2 + 0.01 =$ <b>\$4.01</b>
Advertiser IV	\$8.00	1	8	<b>Highest CPC</b>

Notice how Advertiser I can pay less for a higher position due to his high quality score.

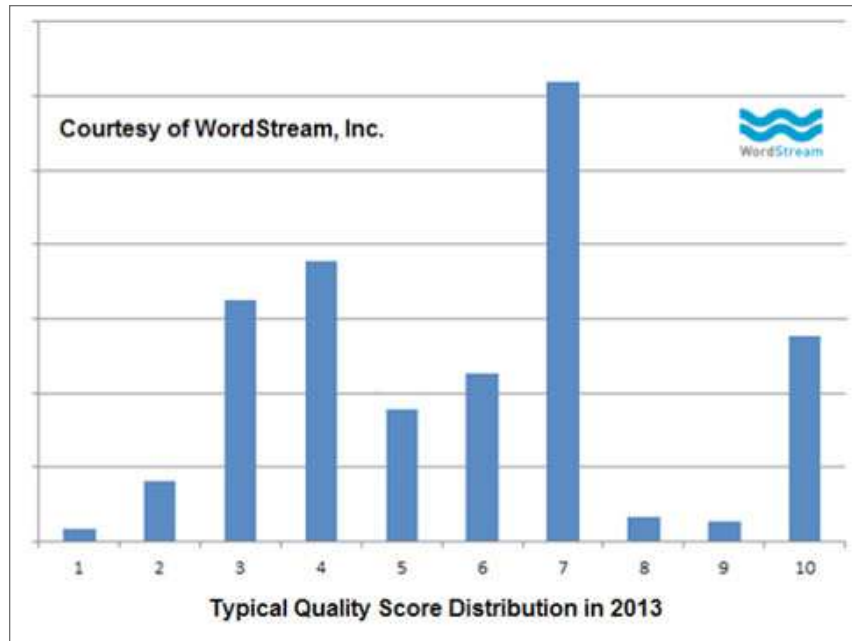
Google does this because they don't get paid if no one clicks on their ads, so they give preference to the ads most likely to succeed.

## WOW, QUALITY SCORE SOUNDS PRETTY IMPORTANT...

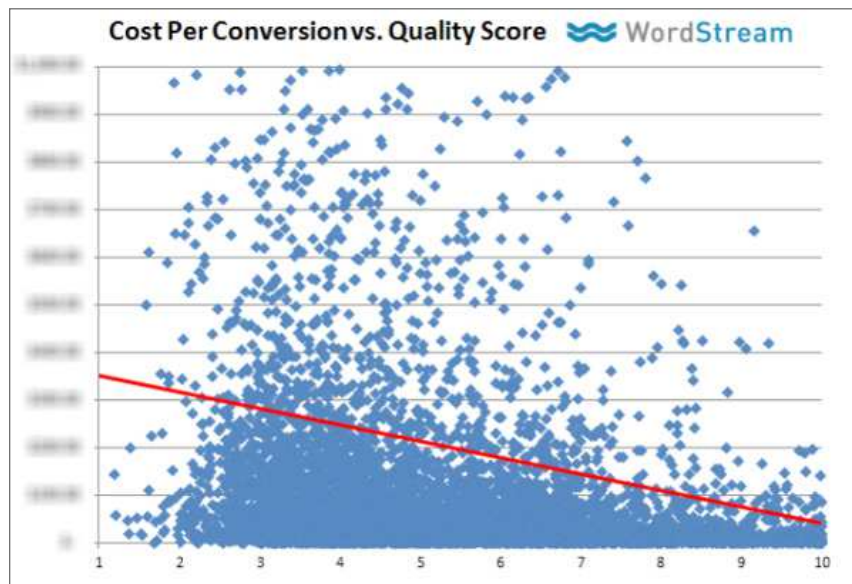
**If you have an above average Quality Score, you can get up to a 50% discount on your cost per click. Conversely, if you have below average Quality Scores, you could pay up to 400% more. Ouch.**

We've found that the average Quality Score is roughly 5.1 out of 10.

If you have an above average Quality Score, you can get up to a 50% discount on your cost per click. Conversely, if you have below average Quality Scores, you could pay up to 400% more. Ouch.

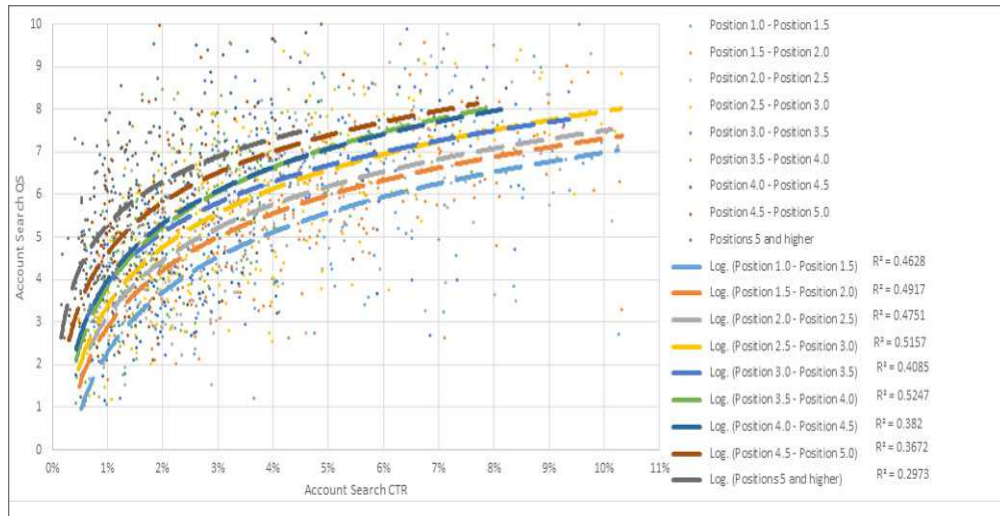


CPC is just one metric, though. What about the actual cost per conversion? Here, we've also found an inverse relationship, across billions of dollars of ad spend, that as your QS increases, [your cost per conversion decreases](#) because your clicks are so much cheaper.

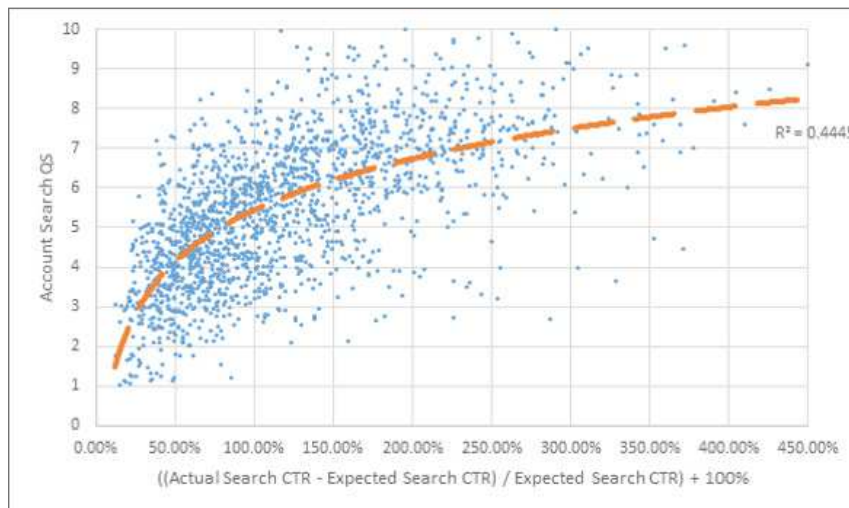


So how is QS calculated? In general, the higher your CTR, the higher your QS. As you can see in the chart below, though, there is a lot of variance, thanks to ad positioning. As we discussed earlier, ads at the top of the page are predisposed to getting more clicks than those in lower positions.





The blue line at the bottom, for example, is for keywords in position 1.0 to 1.5. Quality Score isn't calculated by your CTR alone, but by **whether you're over- or underperforming compared to the expected CTR**. In this next graph, you can clearly see just how important your click-through rates are to your Quality Score calculation.



***It's all relative.***

Your Quality Score, which is the key to getting those prominent ad spots, low CPCs and low CPAs, is not entirely based on your CTR. Rather, you need to have ads and keywords **above the expected average**. That's the key to high Quality Scores.

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## THE TOP 1% OF PPC ADS AND WHAT MAKES THEM TICK

So what about those unicorns?

We've learned so far that an above average CTR will help you get there, but to be the best of the best takes more.



When we see unicorn accounts in the [AdWords Performance Grader](#), they share some common traits:

- Every keyword in their account has a high Quality Score.
- They are effectively using negative keywords to reduce wasted spend.
- Their [high impression share](#) demonstrates that Google loves showing their ads.
- They have those super-high, impressive, double-digit CTRs than outperform the average by many times.
- They're targeting highly specific [long-tail keyword phrases](#).
- Their account activity is high — they continue to optimize and improve on an ongoing basis.

If you can home in on the ad and keyword combinations that have these above average CTRs, the rewards are huge — higher impression shares, greater ad positions, lower costs per click and lower costs per conversion.

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## HUNTING UNICORNS

Now you know what AdWords Unicorns look like and should have a pretty good idea why they're so desirable. Let's look at each of the characteristics so you can emulate this success in your own account.

### **Unicorn Keyword Strategy**

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**The Top 1% of all AdWords accounts tend to focus on high commercial intent keywords. This is not surprising, as people tend to click more when they're already motivated and have an intent to purchase.**

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The Top 1% of all AdWords accounts tend to focus on [high commercial intent keywords](#). This is not surprising, as people tend to click more when they're already motivated and have an intent to purchase. For example, "best internet marketing software" or "stainless steel dishwasher" are keyword phrases that demonstrate an intent to purchase. (Something like "Lincoln's birthday" does not.)

Branded keywords are another fantastic opportunity for advertisers, but we're not just talking about your own brand. Target partner brands, competitor brands, or other brands your target market may be searching on when they're in buying mode.

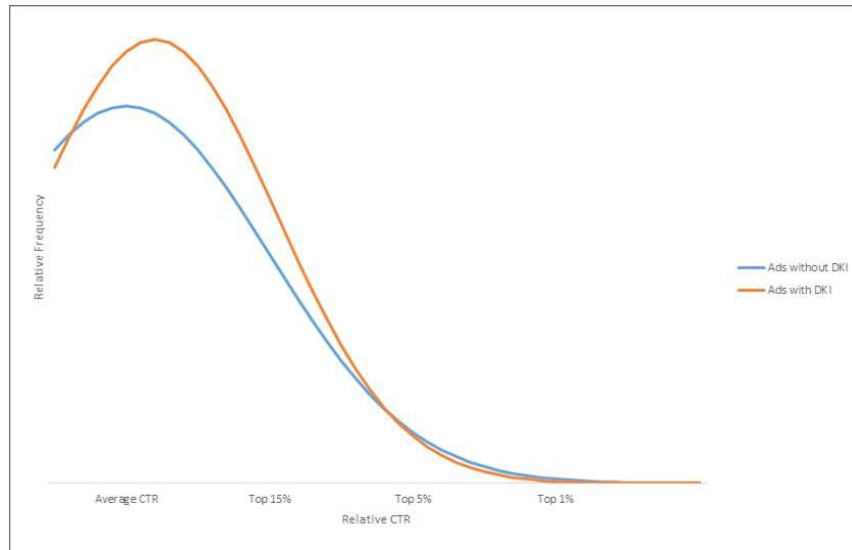
A third type of keyword that does well is local keywords, where the intent of the searcher is to find your business — or that of your competitor (e.g. "San Diego personal trainer"). These tend to get high CTRs, as local searchers often have a high commercial intent.

Avoid [informational keywords](#), where possible. These are often phrased as questions, for example, "What is a dishwasher?" or "Where is Chicago?" These searchers tend to be looking for Wikipedia-type information and aren't demonstrating an intent to buy, which can result in a lower CTR or wasted spend.

### **A Caution on Dynamic Keyword Insertion**

If you want to achieve unicorn status, don't overuse Dynamic Keyword Insertion, or DKI. This is a strategy whereby you use a certain syntax in your ads that allows Google to automatically substitute the keyword that triggered the ad into your ad copy or headline.

DKI is beneficial, but only to a point, as illustrated below:



Here, we have two curves: the red curve is ads with DKI and the blue is those without. The red curve shows that ads with DKI are relatively more abundant in the top 15%. However, as you move up into the top 5% of ads right into the unicorn ads, you'll notice the red curve actually dips below the blue.

**Dynamic keyword insertion ads seem to hit a wall.** This tells us that it should definitely be part of your toolbox as it tends to produce slightly higher early returns, but it shouldn't be overly relied on.

### Ad Extensions – Is This the Magic Bullet?

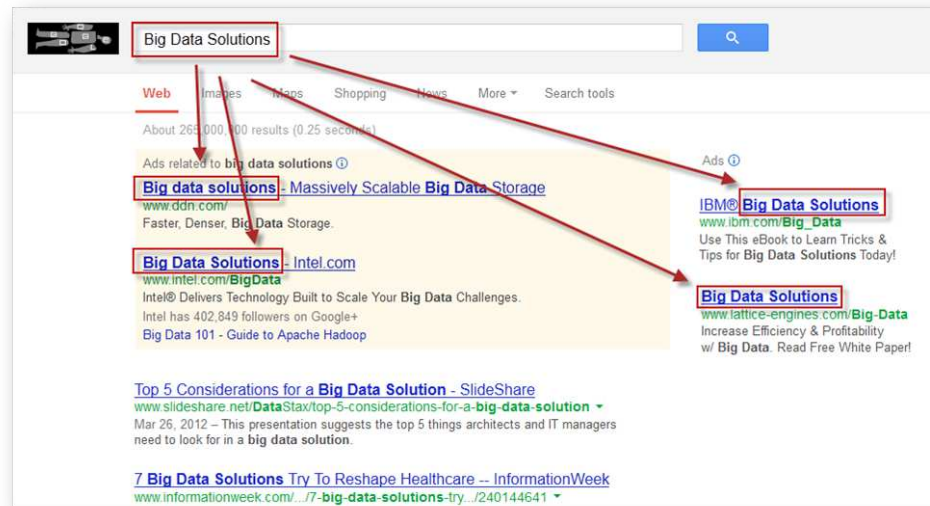
Google seems to be releasing new [ad extensions](#) almost every week, but what's the impact of ad extensions usage on the Quality Score of ads and will it help you become a unicorn?





This graph shows that impact and it's not a game changer. We can see that the accounts using sitelinks on their ads did slightly better than those that did not, which is not a surprise. Extensions provide an incremental lift in CTR, but it's not going to remedy boring copy. It's a modest increase, but won't double or triple your CTRs. Again, use them, but don't rely on this alone to shoot you to unicorn status.

### **Most Ads Suck. Create Emotional Ads.**



**When you see a bunch of boring, dry, similar ads appearing for a query, you have a chance to break out and be different. I like to call this an “AdWords Jackpot.”**

A lot of search results pages look just like this, with boring ads that all look the same. This is exactly why position can make such a difference; because the only differentiator is where an ad appears on the page. Borrrrrring.

But wait — this is a huge opportunity for you, Unicorn Hunter.

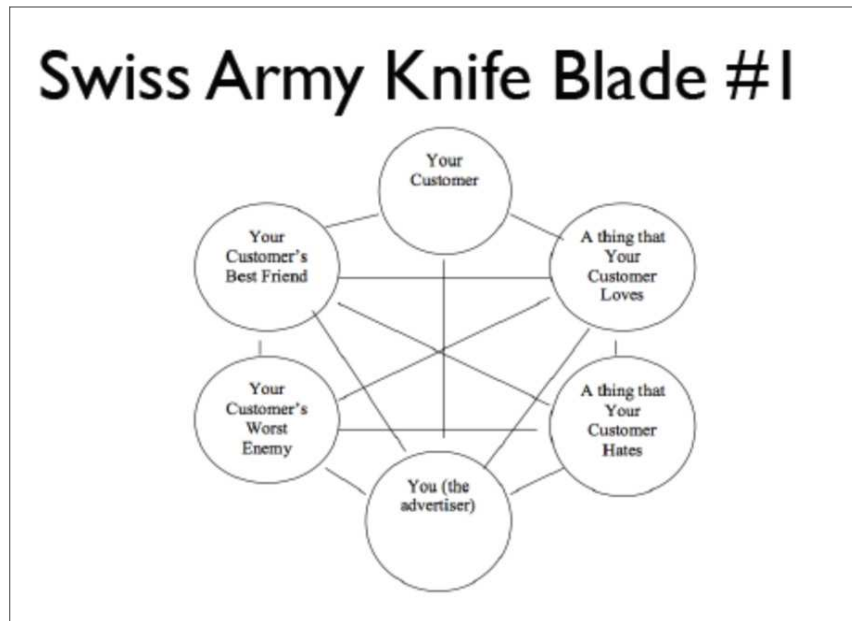
When you see a bunch of boring, dry, similar ads appearing for a query, you have a chance to break out and be different. I like to call this an “AdWords Jackpot.”



The alternative is to come up with something that stands out from the crowd, that uses emotional triggers.

## Creating Emotionally Charged Ads with the Swiss Army Knife Blade Brainstorm

Respected marketer Perry Marshall devised a clever, structured method of brainstorming persuasive ad copy called the [Swiss Army Knife](#). You take different entities such as your customer, something that your customer loves, something they hate, their best friend, their enemy, etc. You then determine how your brand is connected or related with each entity and build out from there.



It's a simple, structured brainstorming process that can help you generate more compelling ad copy for testing, by mixing and matching those concepts, like this:

## Worst Enemy: Husband

## Worst Enemy: Mistress

**Who is your husband with?**  
Is he sleeping with "her" right now?  
Get revenge & a smile on your face  
[www.BadMarriageRevenge.com](http://www.BadMarriageRevenge.com)

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This is a perfect example of a unicorn ad, with over 30% CTR, that stands out against all of the boring divorce lawyer listings.

Your ad copy has to resonate on an emotional level and it must **be different** to stand out.

### **Understanding Relative Abundance**

We're still on the hunt for unicorns and by now, you should be much better equipped to find them. There's still a missing piece though: **effort**.

Unicorns wouldn't be all that special if they were abundant. In fact, only 1 in every 100 ads is a unicorn. The chances that you're going to find it on your first try are slim to nil; on average, you need to try out 100 different ads to find your unicorn.

Name	Percentile	<u>Relative Abundance</u>	Vs. Expected CTR
Awesome Ads	Top 15%	<u>1:6.7</u>	2X Higher
Super Awesome Ads	Top 5%	<u>1:20</u>	3x Higher
<u>Unicorns</u>	Top 1%	<u>1:100</u>	6x Higher!!

The more ads you create and test, the more likely you are to hit on that one that outperforms the average by 2x, 3x or even 6x!

### **You're Not Testing as Many Ads as You Think You Are**

But Larry, I already have THOUSANDS of ads in my account! The last thing I want to do is write more ads!

That may be true, but I can almost guarantee you aren't testing as many ads as you think you are. Certainly, they weren't all created using the insight and process outlined above.

Have a look at this example — can you tell the difference between the top right ad (circled in red) and the one below it?



<p><b><u>How to Write a Book, Fast</u></b>            14 Days from Start to Finish            Unique, Step By Step Program  <a href="#">WriteABookFast.com</a></p>	<p><b><u>How to Write a Book, Fast</u></b>            Finish Your Manuscript in 14 Days            Unique, Step By Step Program  <a href="#">WriteABookFast.com</a></p>
<p><b><u>How to Write a Book Fast</u></b>            14 Days from Start to Finish            Unique, Step By Step Program  <a href="#">WriteABookFast.com</a></p>	<p><b><u>How to Write a Book, Fast</u></b>            14 Days from Start to Finish            Unique, Step By Step Aff. Program  <a href="#">WriteABookFast.com</a></p>
<p><b><u>How to Write a Book, Fast</u></b>            Get The Job Done in 14 Days or Less            Unique, Step By Step Aff. Program  <a href="#">jerrymarshall.com/WriteABook</a></p>	<p><b><u>How to Write a Book, Fast</u></b>            Get The Job Done in 14 Days or Less            Unique, Step By Step Aff. Program  <a href="#">WriteABookFast.com</a></p>

This is a real-world example where an advertiser adds a comma in the second ad and calls it a variation for testing. In fact, this example is testing six copies of the same ad over and over.

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**The bar, especially for SMBs, is incredibly low.  
 The average SMB AdWords account has just  
 18 ads.**

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Let me tell you a secret: the bar, especially for SMBs, is incredibly low. The average SMB AdWords account has just 18 ads. Maybe you can't get to 100 ads this month or even this year, but if you work away at this and test even 40 or 50, you're already doing way better than the majority of your competition.

### **5% of Ads Account for 85% of Impressions**

Here's some more good news: you can get rid of your underperformers and boy, there are a lot of them. Across accounts, we've found that the top 5% of ads in an advertiser account make up 85% of their impressions. It's not necessary to test 100 ads for every ad group in your account.

Instead, **choose your top two or three ad groups and really focus your efforts there.** Test those like crazy, ideally reaching 100 ads to test in each of those top performing groups.



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## BONUS TIP: MOBILE AD OPTIMIZATION

Mobile ads are obviously important — almost 50% of searches are going to be from mobile this year. I want you to ignore everything I've just said when it comes to mobile ads.

Our research has found that the calls from mobile ads convert 3x higher than clicks to a website. When you're testing mobile ads, you need to **base your findings on call rate**, not CTR or conversion rates.

I repeat: go all-in on call rates and do everything possible to get people to click the click-to-call button.

## WHAT DOES IT ALL MEAN?

Congratulations, you made it! Let's recap and then I'll send you on your merry way to go back to AdWords and slay your competition:

1. Above average CTR keywords = success.
2. Below average CTR keywords = trainwreck.
3. So ... delete the bottom third of your account and re-deploy that spend to [remarketing](#). These are your low CTR, low impression share, junk performers. Lose the dead weight, it's dragging you down.

Crazy, right? Your boss is going to freak out if you delete a third of your AdWords account. However, the idea here is to maximize the budget you're now spending on junk ads. As you see here, the cost of the average click can be substantially lower across a number of industries in the Google Display Network when compared to Google Search.

	Google Search		Display Network	
Finance	\$	3.09	\$	1.03
Travel	\$	0.29	\$	0.28
Shopping	\$	0.25	\$	0.27
Jobs & Education	\$	1.80	\$	0.34
Internet & Telecom	\$	1.11	\$	0.40
Computers & Electronics	\$	1.39	\$	0.44
Business & Industrial	\$	1.67	\$	0.97
Home & Garden	\$	0.76	\$	0.83
Autos & Vehicles	\$	0.97	\$	1.03
Beauty & Fitness	\$	1.11	\$	1.01

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Similarly, the conversion rates for display ads are comparable to those for search ads, especially when you're using remarketing. In some industries, like automotive and travel, the display network conversion rate can be even higher.

Industry	Conversion Rate for Google Search	Conversion Rate for Google Display Network
Finance	6.12%	5.12%
Travel	1.45%	2.99%
Shopping	3.58%	2.19%
Jobs & Education	6.09%	2.09%
Internet & Telecom	6.27%	8.59%
Computers & Electronics	4.79%	2.96%
Business & Industrial	4.23%	4.10%
Home & Garden	2.21%	3.43%
Autos & Vehicles	4.29%	6.15%
Beauty & Fitness	4.56%	2.27%
ALL of Google (all industries)	5.63%	4.68%

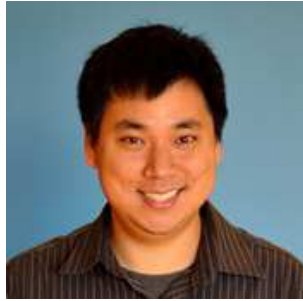
If you can get rid of the bottom third of your more expensive search ads and shift that spend to even average performing display and remarketing ads, that would be a brilliant way to begin to more effectively scale your AdWords efforts.

Life is so much better for the unicorn. We did segment results by industry and didn't even show it, because we found that these unicorns exist fairly evenly across industries, and for advertisers of different sizes and levels of spend. YOU can be an AdWords unicorn.

Of course, you can get started with your own instant, free account audit using our [AdWords Performance Grader](#) — this is a critical first step in determining the health of your AdWords account and identifying optimization opportunities.

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## LARRY KIM, FOUNDER AND CHIEF TECHNOLOGY OFFICER



**Larry Kim** ([@larrykim](#)) is the founder of WordStream and regular contributor to the [Internet Marketing Blog](#), which covers internet marketing, social media and other topics. Larry has also contributed articles to many industry websites, blogs and magazines including Website Magazine, Search Marketing Standard, Search Engine Journal, DM news, Marketing Profs, Search Engine Watch, and others.

Larry has been writing, blogging about internet marketing for seven years and has been featured in Wired Magazine, CNET, The Wall Street Journal, The Huffington Post, Search Engine Land, and many other publications. Larry was voted Most Influential PPC Expert in 2013 by PPCHero.com

## ABOUT WORDSTREAM

[WordStream Inc.](#) provides search marketing software and services to small and medium-sized businesses that want better results from paid search. WordStream's easy-to-use PPC Advisor software facilitates more effective PPC campaigns by providing a customized workflow, the 20-Minute PPC Work Week, to help advertisers increase relevance across Google, Bing, and Yahoo and get expert-level results in a fraction of the time. Whether you're new to search marketing or are an experienced PPC manager, WordStream's PPC management software and services can provide the boost you need to grow your business and drive better results.