



Ads Quality: Getting Down to the Basics



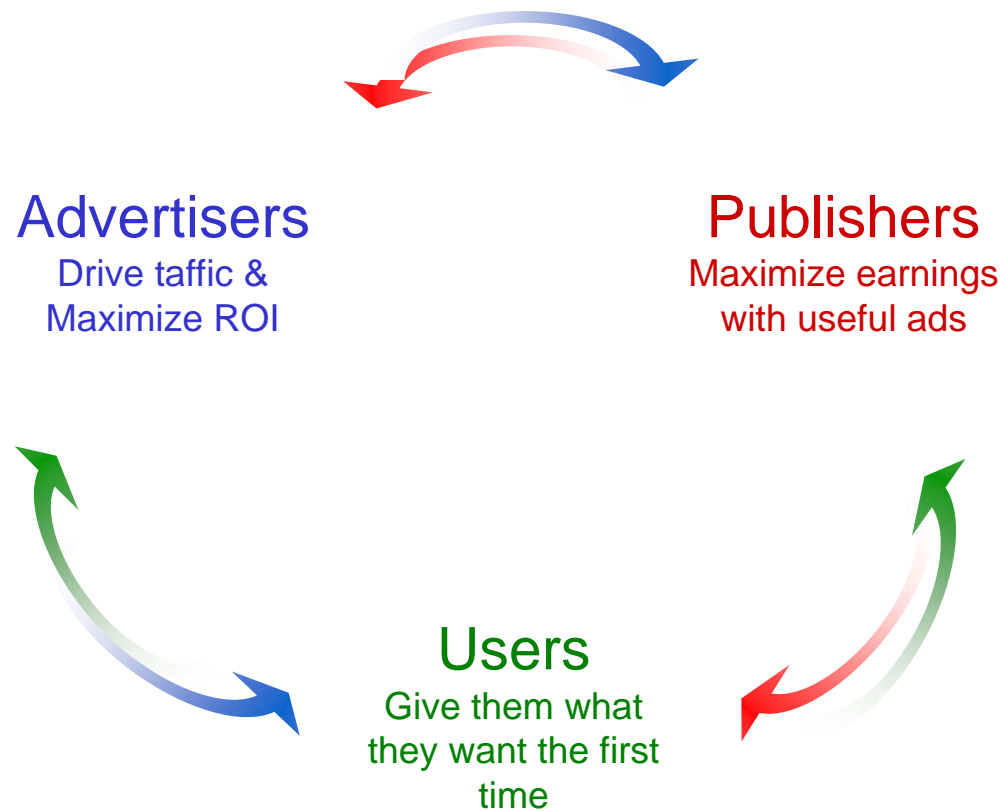
In this presentation, you will learn:

1. Why high-quality ads are important
2. What 'Quality Score' is and how it affects minimum cost-per-click bids and ad position
3. How Quality Score affects how much you pay
4. How keyword match type affects Quality Score and your advertising costs

Why is the quality of our ads important?



In an ecosystem where advertisers, users and publishers all have their own incentives, ad quality ensures goals are aligned and the network remains healthy

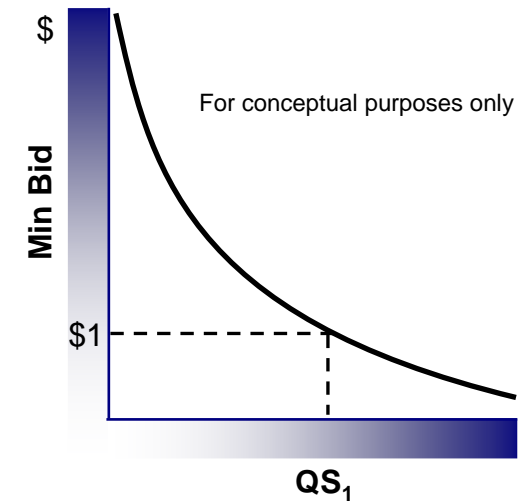
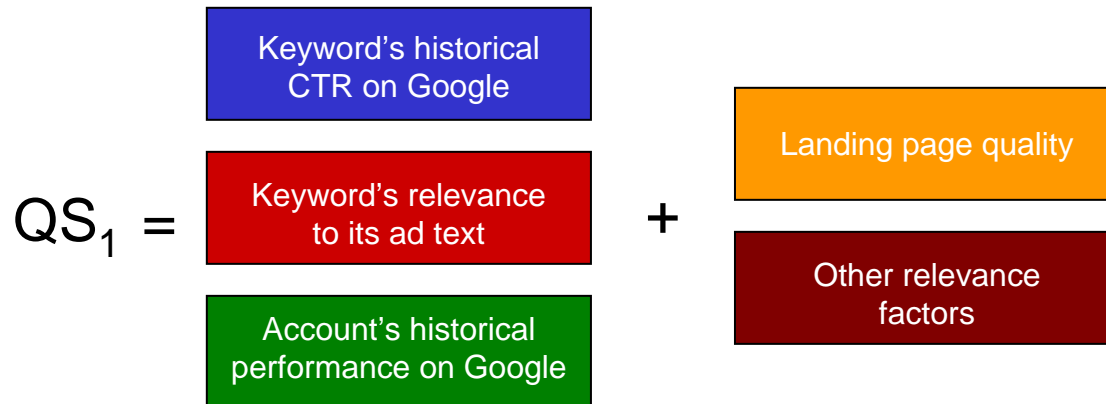


How do we define *quality*?



- A high-quality ad:
 - Contains ad text that is extremely relevant to the user's search query
 - Accurately describes the product or service offered
 - Leads to a relevant and well-organized landing page
- Quality Score:
 - Is an objective measurement of a keyword's relevance to its ad text and to a given search query
 - There are two types of quality score:
 - Quality Score 1 (QS_1): Determines a keyword's minimum bid
 - Quality Score 2 (QS_2): Influences a keyword's ad position

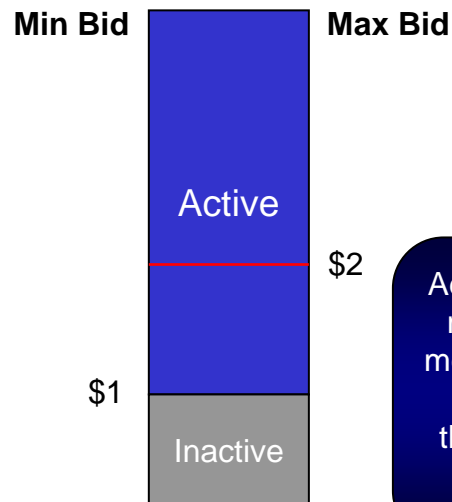
How does Quality Score affect minimum bid?



How does Quality Score affect minimum bid?

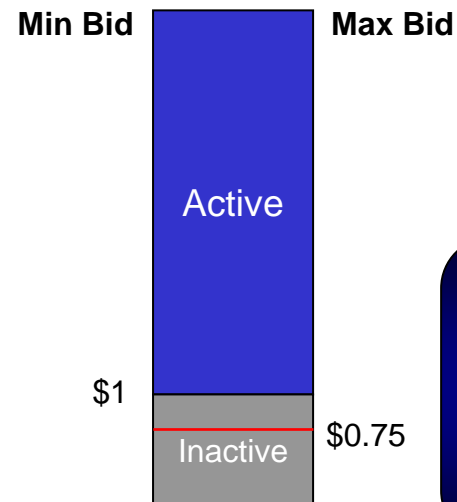


Scenario 1:



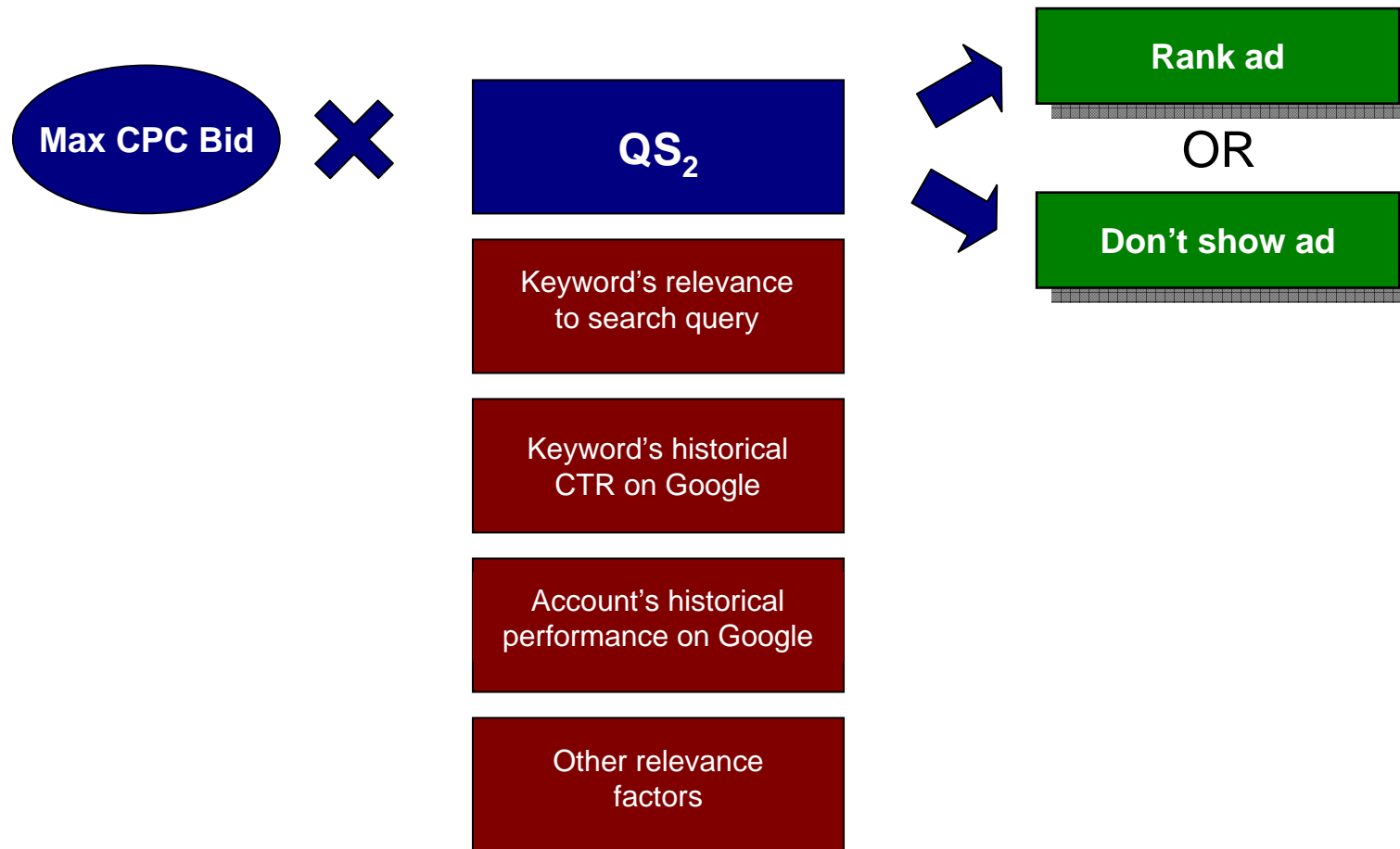
Advertiser chooses a max bid of \$2, this meets or exceeds the min bid threshold, therefore their ad is active

Scenario 2:



Advertiser chooses a max bid of \$0.75, this does NOT meet or exceed the min bid threshold, therefore their ad is NOT active

How does Quality Score affect ad position?



QS₂ = Quality Score used to determine ad position, as opposed to the QS₁ used to determine minimum bid.

How does Quality Score affect how much I pay?



The formula for actual CPC:

$$\text{Actual CPC} = \frac{\text{Ad Rank to beat}}{\text{QS}_2} + \$0.01$$

For example, imagine an auction with only two advertisers: Mary and Tom

Advertiser	Max Bid	x	QS ₂	=	(Ad Rank)	Actual CPC
Mary	\$2	x	10	=	20 (#1)	16/10 + \$0.01 = \$1.61
Tom	\$4	x	4	=	16 (#2)	Min Bid

Key Observation:

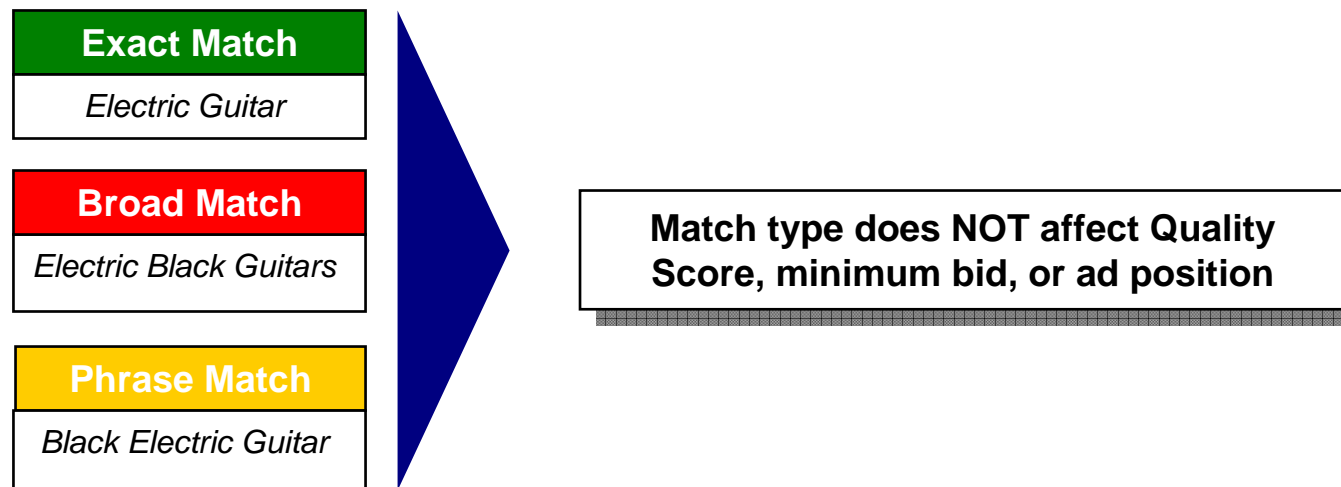
Bidding higher values (Max Bid) will not necessarily lead to higher AdRank versus an advertiser who has a higher Quality Score

Do keyword match types affect Quality Score?

- Quality Score is not affected by match type. This means that a keyword's minimum CPC bid and ad position are both unaffected.
- Quality Score for broad- and phrase-matched keywords are not affected when a keyword variation triggers an ad.

When three keywords in your account match a search query, the keyword that matches the query **exactly** always wins

Example for the search query *Electric Guitar*:

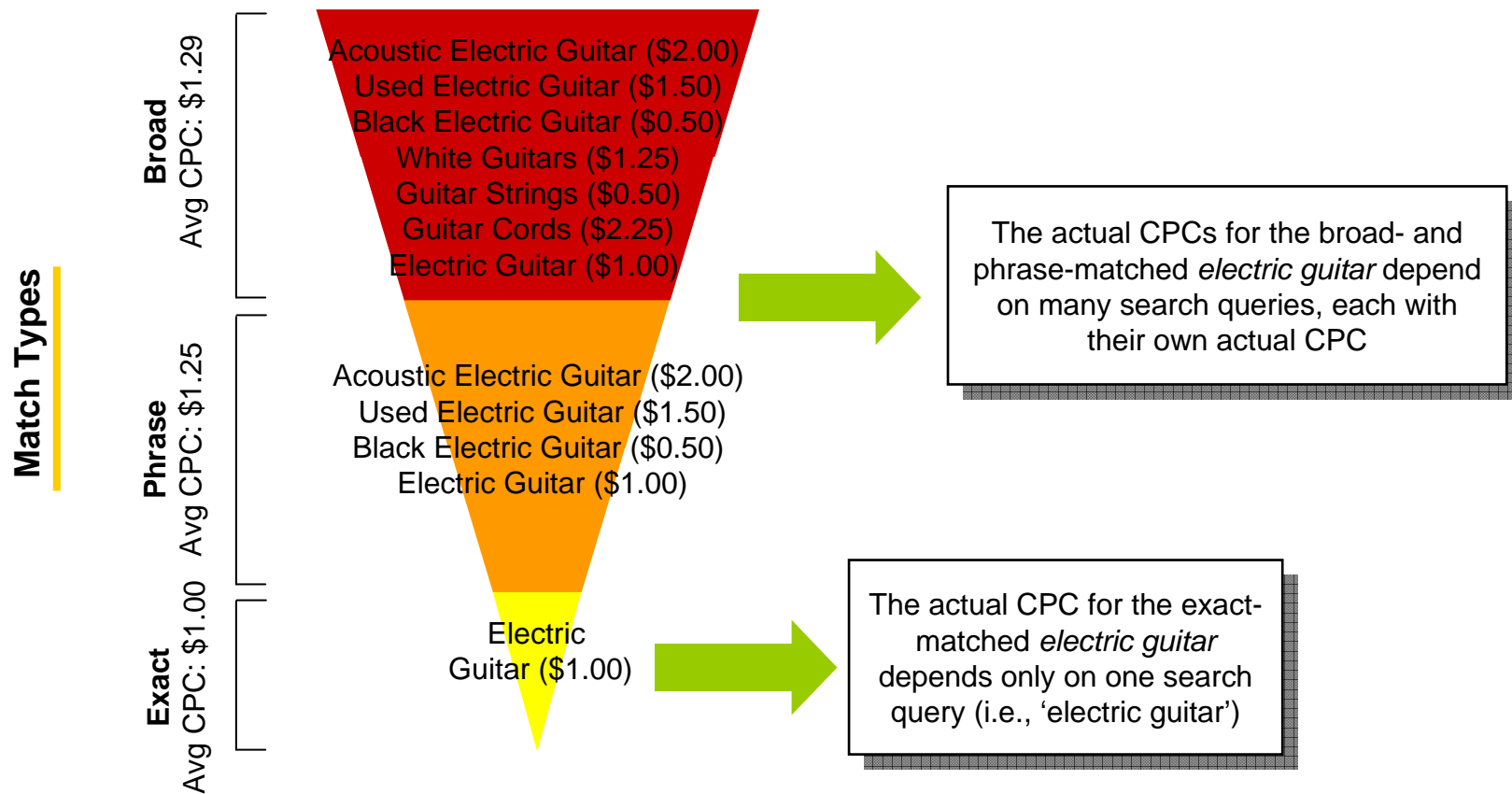


Do keyword match types affect how much I pay?



- In your account reports, you'll see that a keyword's average **actual** CPC will differ depending on its match type. This is because broad- and phrase-matched keyword trigger ads on a wider range of search queries than exact-matched keywords.

- For example: Keyword: *Electric Guitar*



- A high quality ad is extremely relevant to a user's search query, accurately describes the product or service offered on the website, and it leads to a relevant and well-organized landing page
- Quality Score is calculated using a variety of factors and measures how relevant your keyword is to your ad group and to a user's search query
- The higher a keyword's Quality Score, the lower its minimum bid and the better its ad position
- Bidding higher values will not necessarily lead to higher AdRank versus an advertiser who has a higher Quality Score
- Match type does NOT affect Quality Score, minimum bid, or ad position