

Google Q2 2012 Earnings Preview (GOOG)

Study Reveals Clicks on Google's Paid Search Ads Outnumber Clicks on Free Organic Listings by 2:1 for Commercial Keywords

July 17, 2012 – Boston, MA – Google (NASDAQ:GOOG) is set to announce its Q2 2012 earnings results this week, on Thursday, July 19 2012. Google remains today primarily an advertising business, with approximately 97% of revenues coming from its core search engine advertising business. As such, Google's earnings are largely dependent on key advertising metrics such as the cost-per-click (CPC) and click-through rates (CTR) of search advertisements.

A new search marketing advertising study compiled by WordStream, Inc., a leading provider of search engine marketing software for small and medium-sized businesses, shows that the CTR of paid search advertisements on Google now outnumbers clicks on "free" organic search result listings by nearly a 2:1 ratio for high commercial intent keyword searches conducted in the US. (These are keyword searches wherein the user appears to be looking to buy a product or service.)

The full results of the new study on Google ads are published in infographic form, here:

<http://www.wordstream.com/articles/google-ads>

The Value of High Commercial Intent Keywords

In search marketing, different types of keywords have different value to businesses. For example, high commercial intent keywords (such as "Buy Xbox 360") and branded keyword searches (such as "Nikkon D800") are worth much more to businesses than pure informational keyword searches (such as "who won the battle of 1812"). While unpaid organic clicks still account for the majority of clicks for searches conducted on Google, the new study from WordStream is the first to illustrate that for the types keywords that are most valuable to businesses in the US, pay-per-click (PPC) advertisements account for the lion's share of clicks by nearly a 2:1 margin.

New Google Advertising Innovations Driving Revenue Growth

New bigger, more engaging and more targeted sponsored ad formats that allow businesses to more precisely target prospective clients are behind the increases in CTR for high commercial intent keyword searches. For example:

- **Product Listing Ads:** In May of 2012, Google transitioned the previously free Google Product Search into a "Purely Commercial Model." Product listing ads include large images and are automatically triggered if someone searches for a product that is in your Merchant Center account.
- **Click to Call Ads:** This powerful mobile ad format lets customers call a business phone number with the click of a button.

- **Bottom of Page Ads:** Catch their attention before they click to page 2 or refine their search.
- **Mega Site Links:** This huge ad format offers up to 10 additional places to click, greatly increasing your chances of presenting a relevant link.
- **Social Ad Extensions:** Show who has +1'd your site, which lends credibility and potential name recognition.
- **Remarketing:** Allows companies to track site visitors with a cookie and chase them around the Web, displaying relevant banner ads until they click and convert.
- **Map/Location Ad Extensions:** Display your address and phone number to local searchers, enticing them to visit you faster. Advertise only to customers in the vicinity.
- **Chat Ads:** Prompt viewers to open a chat window with a sales guy – get those leads while they're hot!
- **Email Ads:** Prompt users to provide an email address right from the search result page.

Click here to view the complete report: <http://www.wordstream.com/articles/google-ads>

About WordStream, Inc.

WordStream Inc. provides PPC software to enable marketers to conduct better paid search advertising, including AdWords Audit Software, tools for researching keywords, tools for writing PPC text ads and other search marketing tools. WordStream won the 2012 MITX Innovation Award for Best Customer Engagement Driver for its AdWords Performance Grader, which shows businesses how they stack up against other PPC marketers in similar spend brackets. By leveraging data aggregated from our proprietary database, the tool presents exclusive insights to users. For more information, please visit us at <http://www.wordstream.com/>

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