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Google AdWords Compared to Yahoo! Sponsored Search

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Pay for performance advertising, also known as pay per click advertising, has just heated up in the world of search engine marketing as of January 2007. Online advertising heavy weight, Google, has been taken on by Yahoo! Sponsored Search and the competition between these two will really be heating up in 2007 as the two battle it out for advertisers. Not only will there be increased competition between these two titans, but MSN has entered the fray with a newly updated control panel and new content advertising network as of May 2007. All these changes make it an exciting (and confusing) time for advertisers who are trying to figure out where their search engine marketing budget dollars should be spent.

As we provide professional Google AdWords, Yahoo! Sponsored Search, and Microsoft adCenter set up and account management, we have come to understand these programs, their intricacies, features, benefits, and drawbacks. This white paper will compare and contrast the top two programs Google AdWords and Yahoo Sponsored Search with side bar notes on Microsoft adCenter. We will also share several case studies to illustrate performance differences. We hope that you will find our report interesting, insightful, and helpful as you make your own decision; which pay for performance vehicle is best for your program's needs.

It's All About The Numbers!

Both Google and Yahoo! have provided popularity and search use statistics in their marketing materials. The statistics that they have provided have been verified by third parties and posted in their online marketing materials.

Statistics	Google	Yahoo!
Market Reach	Google reaches 80% of all US Internet users each month.	Yahoo! has the largest reach of any site on the Web. Reaches 80% of active all Internet users. Largest global audience with 419 million unique visitors/month.
Registered Monthly Users	86 million monthly users	122 million monthly users
User Information	48% of Web users use Google as their primary search engine.	Highest average minutes per user (295 minutes).
User Satisfaction	Documented leader in market share and client satisfaction.	Most loyal audience 160 million active users.
Partner and Content Network	AOL (110 million monthly users), Ask Jeeves, Amazon, How Stuff Works, New York Times, Washington Post, CNet, About.com, Forbes	Yahoo! content portal, AltaVista, CNN, InfoSpace, iVillage, Lycos, NBC
Ad Targeting	Select from Global, National, Regional, City, or Custom settings	Select from US & Canada, state, or city regions. Local ads with 100 mile radius are available in Local Sponsored Search.
Global Markets	250 countries/90 languages	US and 20 international markets.

When you look at the numbers they seem comparable. What we have found is that some products and services will simply perform better on Google AdWords and some better on Yahoo! Sponsored Search due to the different type of search audience that each engine has. Sometimes your specific needs may dictate which program you will use based on ad targeting needs, budget constraints, or the desire to see your ad on a specific content network partner's site.

It's All About the Features

Both programs offer very similar account features, but also offer different features that are unique to their service.

Features	Google AdWords	Yahoo! Sponsored Search
Ability to set daily budget	Yes	Yes
Budget Optimizer	Yes, sets bid automatically	No
Set several budgets in one account	Yes, set at the campaign level	Yes, set at the campaign level
Geographic targeting	Yes, can even select custom latitude and longitude points	Yes, but only in country, state, or Yahoo's selected regional areas. Radius and custom polygon settings are not available at this time.
Keyword matching	Several types, broad match, exact match, phrase match, negative match	Superior matching algorithm allows your ads to show on relevant terms without entering long lists of keywords
Separate bids for content ads	Yes	Yes
Conversion tracking	Yes with small script addition to web pages	Yes with small script addition to web pages
Cross channel tracking	Yes will even track Yahoo and email program click activity and conversions. Advanced tracking with integrated Google Analytics.	No, but has an Easy Track system that is very nice for identifying click behavior from ads that you can analyze from your own server logs.
Delay for editorial review on changes	Usually 15 to 30 minutes, max 1-4 days. Ad set up interface gives instantaneous direction for violations and a tool to ask for reconsideration. Some words like "home" or "network" trigger a copyright infringement notification but may be solved by asking for an ad review with an explanation.	Instantaneous, Yahoo changed to a new ad approval system in January 2007 that gets your ads up and running fast. If you do trigger an editorial review, review is quick and usually in 24-48 hours.
Ability to pause ad programs	Yes	Yes
See competitor's keyword bids	No	No
Click payment	After click has happened	You are billed after a click happens but are billed for click deposits in advance. Your specific deposit amount is billed periodically and clicks are deducted as they happen from this deposit.
Ability to group ads themes	Yes, can create multiple campaigns	Yes, can create multiple campaigns
Editorial Review	Very strict, some products may just not be approved to be advertised.	Has standards but not as strict as Google AdWords.
Ad Text	Title 25 characters, 2 additional	Title 40 characters, 1 additional

	lines only 35 characters each.	line 70 characters long.
Ability to turn off content network Reporting Capabilities	Yes Yes, detailed and robust, API is available	Yes Yes, detailed and robust. API interface available.
Online Training Tools	Yes, excellent	Yes, good
Customer Service Support	Usually email only, 1-2 day response. Here is the secret Google AdWords customer service phone number 1-866-246-6453 if you want to talk to a customer support person by phone.	Phone support with immediate answers in most cases. Based on your annual advertising volume, you may be eligible for additional services . Here's Yahoo's phone number 1-866-924-6676.
Tools for keyword selections	Yes, but cost estimates in the keyword tool per click are not reflective of what you will really pay when your program is live.	Yes, excellent
Ad Creation Interface	Use the Google AdWords Editor for certain functions such as copy and pasting ad groups between campaigns. Use the online interface for simple changes.	Easy to use with a step by step progression that even a novice can figure out.
Ad Diagnostic Tools	Yes, Google has made some real improvements this last year in this area.	No, not at this time.
Site Targeting Available	Yes, select a content network website by name and have your ads shown there.	No
Traffic and Click Reporting Delay	3 hour delay	Improved dashboard reflects a 3 hour delay. Reports will not reflect current day figures.
Image Ads Available	Yes, many size options	No
Ability to Spread Ad Spend Over the Day	Yes, sophisticated automated spread of click delivery throughout the day.	Yes, the new ad interface will work to spread your budget out over the day although they do not specifically state this in their information as Google does. Our advertisers have not had a problem with blowing through their budgets before the morning is over.

Again each program is fairly similar, there are some differences. One of the most important differences we should highlight is in ad targeting. Google AdWords allows for many ad targeting options. An English speaking advertiser using Google can select to have AdWords ads shown in the United States, Canada, England, Australia, and more locations as desired for global exposure. An advertiser can even target a specific radius using miles from a business location or create a polygon determined by the latitude and longitude of points around their business were AdWords will serve the ads,

Yahoo! Sponsored Search does not provide for this very specific type of geographic targeting. US advertisers will be advertising to the American market with their ads. If a Yahoo! advertiser would like to target a specific area around their business, Yahoo! has a product called Local Sponsored Search which allows a business to target up to a 100 mile radius from their address. The business doesn't even need a web presence to run an ad. Yahoo! Local will host a product and services page online for them. Introduced in January 2007, regional targeting and state/province targeting was added to the Yahoo Sponsored Search network. Most large metropolitan regions will have choices to advertise in their areas in the Yahoo control panel. Advertisers in smaller cities will not have good geotargeting options and may prefer Google AdWords for its refined geotargeting settings instead of Yahoo Sponsored Search advertising at this time.

It used to be that the how the ad positioned was determined between Google AdWords and Yahoo Sponsored Search was another big area of difference, but now Yahoo and even MSN, most recently,

evaluate the ad's landing page, ad text, keyword list, to determine a "quality score" which will determine where an ad appears on the search results page. Google is the only interface which shows you a "quality score rating" by keyword, (great, okay, or poor). In addition Google is the only ad vehicle which deactivates keywords if your quality score or click auction figure is set too low. Internally the other two ad vehicles may do this without letting us know, but they do not promote that information in their control panels.

All search engines have now embraced a "quality score" as the gold standard for showing ads: an ad with a high quality score may actually pay less to be in a better position than a competitor who is paying more and has a lower quality score. On all three services, you cannot identify what your competitors are paying by keyword which may cause you to overbid, but all three have a program where you will only be charged \$.01 more for your ad to appear above the next competitor. This is a big concept change for Yahoo as previously you could actually see competitor bids and could bid your way to the top ad placement position.

Want to get into one of the blue shaded (now yellow as of early May 2007) boxes just above the organic search results on Google? You will need superior ad performance to get into that spot as those ads are reserved for the best performing ads by Google. Same goes for Yahoo and MSN. On Yahoo, you used to be able to pay your way into this spot by being the top bidder, but with the new Panama interface, which was rolled out in January 2007, you will appear only in this spot based on click through rate and quality score performance.

Another large difference between the ad programs is in payment plan. Google AdWords bills you for clicks after they happen. You will also only pay a \$5 account set up fee to Google when you open an AdWords account. Yahoo! Sponsored Search on the other hand, bills you for a click deposit (a dollar figure that you determine), and then bills the clicks against this deposit that they have pre-charged to your credit card. Yahoo will only charge you a \$5 account set up fee as will MSN adCenter. With all three engines, there is no minimum monthly spend for US advertisers.

In regard to billing, some clients will find Google's billing strategies very hard to understand. Google does not bill on a monthly basis. They will bill your credit card when you hit the \$50 limit, then bill when you hit \$200, then again at \$350 and at \$500 during a month. The first day of every month starts a new billing period, but you may be billed several times during a month based on the credit limit and when you hit it. Some invoices will straddle partial weeks and portions of months making it very confusing for most clients to understand the billing process. Yahoo! is more forthright in billing. When your click budget gets within 3 days of depletion, they will auto-bill your credit card for the next pre-arranged deposit amount, based on your settings.

It's All About Results, Our Case Studies

In order to illustrate more clearly some of the most important differences, we will share with you several cases that we have been monitoring. We have just updated our case studies to reflect figures from 2007. Our case studies are based on real advertiser results, advertisers who have promoted their products and services on both Google AdWords and Yahoo! Sponsored Search during the same time period. The products and services are diverse ranging from professional services to multi-media products. None of the advertisers in our case studies were offering seasonal products; they were either offering informational items or business to business services. We tried to match the settings between Google AdWords and Yahoo! Sponsored Search as closely as possible for our study:

- Budgets selected were about the same between programs for case studies one and four. The budgets were higher for Yahoo! for case studies two and three.
- Keywords were as closely matched as possible as were ads for most case studies. Case study two significantly changed their ads in week three on Yahoo.
- Specially created landing pages were shared by both ad programs
- Conversion tracking was installed for 3 out of the 4 campaigns
- Each advertiser installed Urchin Analytics for traffic analysis
- We monitored both AdWords and Yahoo! Sponsored Search accounts for the whole month of December 2005 and we have provided new case studies for this revised white paper version for 2007.

We have detailed below the time period and then the important categories of impressions, click through rate (CTR) which is clicks divided by impressions, number of clicks, conversion percentage which is the number

of sales divided by clicks as a percentage, and the advertising cost in US dollars. In each column we have listed the Google results and then the Yahoo! results separated by a slash. Although your results may be markedly different for your campaign what we have tried to show here is the big picture in regard to click delivery, impressions, and ad costs.

One important note on the conversion factor, sometimes a client chooses to phone instead of complete the form which records the conversion information. Sometimes a contact does not turn into a sale but yet is recorded as a conversion by the tracking module. And sometimes a conversion is not recorded for the action as the user has cookies or JavaScript disabled on their computer. When we monitor your program we enable conversion tracking when possible in your account but also try to help you track your sales using Excel spreadsheet for return on investment monitoring. Each client also has different metrics to determine the success of their program based on their product, sometimes it is factor of product sales, sometimes leads, and sometimes telephone calls. That being said, we have shown the conversion figures based on our information for some of the clients we have tracked.

Study One - 2007 In-Home Service Company

Period	Impressions G/Y!	Clicks G/Y!	CTR G/Y!	Conversion% G/Y!	Ad Cost G/Y!
Jan 1 to Jan 31	78,030 / 27,985	924 / 476	1.18% / 1.70%	3.68% / 3.99%	\$1,026 / \$275
Feb 1 to Feb 28	76,411 / 3,61,225	796 / 1686	1.04% / .06%	3.52% / .89%	\$791 / \$515
Mar 1 to Mar 31	68,459/4,594,481	1023 / 2330	1.49% / .05%	2.93% / .94%	\$1,083 / \$621
Average	74,300/1,552,897	914 / 1497	1.23% / .60%	3.37% / 1.94%	\$966 / \$470

Study Two - 2007 Video Product

Period	Impressions G/Y!	Clicks G/Y!	CTR G/Y!	Conversion% G/Y!	Ad Cost G/Y!
Feb 1 to Feb 28	83,453 / 90,823	351 / 432	.42% / .48%	0% / .23%	\$280 / \$302
Mar 1 to Mar 31	85,687 / 125,629	487 / 636	.56% / .50%	0% / .94%	\$344 / \$320
Apr 1 to Apr 30	206,636/177,398	631 / 693	.30% / .39%	.16% / .58%	\$450 / \$310
Average	125,258/131,283	489 / 587	.42% / .46%	.05% / .58%	\$358 / \$310

Study One Internet Business to Business Service

Period	Impressions G/Y!	Clicks G/Y!	CTR G/Y!	Conversion% G/Y!	Ad Cost G/Y!
Dec 1 to Dec 3	2,155 / 32,683	4 / 15	.1% / 0%	25% / 0%	\$1.93 / \$6.74
Dec 4 to Dec 10	5,007 / 48,860	13 / 39	.2% / .07%	15% / 19.5%	\$3.40 / \$22.36
Dec 11 to Dec 17	3,520 / 86,566	5 / 42	.1% / 0%	0% / 2.3%	\$1.67 / \$19.26
Dec 18 to Dec 24	12,514 / 148,888	2 / 67	0% / 0%	0% / 1.5%	\$.94 / \$22.33
Dec 25 to Dec 31	3,534 / 221,950	12 / 41	.3% / 0%	0% / 0%	\$4.92 / \$11.56
Average	5,346 / 107,789	7 / 41	.1% / 0%	8% / 4.6%	\$2.58 / \$16.45

Study Two Real Estate Product/Service

Period	Impressions G/Y!	Clicks G/Y!	CTR G/Y!	Conversion% G/Y!	Ad Cost G/Y!
Dec 1 to Dec 3	7,228 / 141	14 / 3	.1% / 2.1%	0% / 0%	\$11.31 / \$.43
Dec 4 to Dec 10	33,882 / 3,898	47 / 45	.1% / 1.2%	0% / 0%	\$48.34 / \$8.02
Dec 11 to Dec 17	14,294 / 5,061	31 / 65	.2% / 1.2%	0% / 0%	\$29.94 / \$10.55
Dec 18 to Dec 24	8,408 / 3,116	25 / 40	.2% / 1.3%	0% / 0%	\$22.29 / \$9.86
Dec 25 to Dec 31	9,500 / 3,810	28 / 83	.2% / 2.2%	0% / 0%	\$27.34 / \$26.12
Average	14,662 / 3,205	29 / 47	.2% / 1.6%	0% / 0%	\$27.85 / \$11.00

Study Three Real Estate Sales

Period	Impressions G/Y!	Clicks G/Y!	CTR G/Y!	Conversion% G/Y!	Ad Cost G/Y!
Dec 1 to Dec 3	2,200 / 512	5 / 9	.2% / 1.7%	0% / 0%	\$1.29 / \$15.82
Dec 4 to Dec 10	8,973 / 10,222	8 / 31	0% / .3%	0% / 0%	\$11.13 / \$48.58
Dec 11 to Dec 17	8,588 / 3,992	8 / 43	0% / 1.1%	0% / 0%	\$12.54 / \$64.78
Dec 18 to Dec 24	6,961 / 2,632	9 / 32	.1% / 1.2%	0% / 3.1%	\$12.95 / \$52.18
Dec 25 to Dec 31	4,871 / 1,560	14 / 28	.2% / 1.8%	0% / 0%	\$24.56 / \$45.53
Average	6,318 / 3,783	9 / 29	.1% / 1.2%	0% / .6%	\$12.50 / \$45.38

Study Four Internet Sales Business to Consumer

Period	Impressions G/Y!	Clicks G/Y!	CTR G/Y!	Conversion% G/Y!	Ad Cost G/Y!
Dec 1 to Dec 3	4,155 / 18,287	7 / 45	.1% / .24%	NA	\$6.24 / \$21.11
Dec 4 to Dec 10	18,533 / 38,097	25 / 90	.1% / .23%	NA	\$20.15 / \$54.86
Dec 11 to Dec 17	29,497 / 43,211	54 / 81	.1% / .2%	NA	\$42.32 / \$45.89
Dec 18 to Dec 24	34,179 / 36,353	81 / 78	.2% / .2%	NA	\$54.62 / \$51.18
Dec 25 to Dec 31	33,465 / 57,638	70 / 145	.2% / .2%	NA	\$47.97 / \$46.80
Average	23,965 / 38,753	47 / 88	.1% / .2%	NA	\$34.26 / \$43.97

Our Analysis of Results**Impressions Click Trends and Ad Costs**

In our series of past case studies, we see that Yahoo! consistently delivers double and sometimes triple the number of clicks that Google delivers. In most cases Yahoo! also delivered more impressions per ad. Additionally due to the higher number of clicks delivered, the ad cost for Yahoo! may be higher as well.

In our new case studies focused on results in first quarter 2007, we see a markedly different trend. The clicks and number of impressions delivered almost equal that delivered by Google, but in both of our new case studies the cost for advertising on Yahoo was less than on Google. In one case more than half! Conversions were better for one of our case studies using Yahoo than Google. Of particular note is that in case study 2007 Pest Control Service when we enabled content our impressions and clicks went way up but conversions did not increase at all. My recommendation is to not utilize the Yahoo content network for any other use but to establish brand identity.

From September 2006 to January 2007 we saw about a 20% across the board increase in click costs on Google across the board. Based on the expense to advertise on Google at this point, Yahoo, with a lower cost per click cost, good click quality, and strong click to conversion is looking like a better or at least a really viable solution for many advertisers.

Conversion Trends and Notes

With Yahoo's new ad interface change in January 2007, we have seen some real differences in regard to click quality. Although the actual number of clicks may be lower on Yahoo than on Google, in some cases, the quality of clicks is equal to the quality of clicks supplied by Google. This is a big change and huge improvement for Yahoo and allows us to really offer a good alternative to many clients who may not want to advertise on Google or simply can not afford to do so. Typically we have also found that the click cost will be lower on Yahoo as well. For some advertisers the improvement in click quality combined with a lower cost per click will make Yahoo Sponsored Search a better choice than Google AdWords.

If prospects do not complete your online contact form that you have embedded in your landing page, don't worry. In our experience and based on our own site traffic analysis, most readers did not complete our online ad form but rather reviewed our website and then called us by phone several days later to talk. This is a good reason to buck the current trend on landing page design and to include site navigation into your main website from your ad program landing page and to make sure that your phone number is prominently displayed. This also is an important point to note from the conversion figures in the charts above. Phone calls and other types of website contact are not recorded as conversions for our data above. The stated conversion figures are a factor of a viewer completing an online form to supply their phone number or email

address and the action is recorded with the use of a Web cookie and script installed on the thank you confirmation page. If the viewer has disabled cookies or JavaScript on their computer or does not complete the online form and rather phones, the conversion from their action will not be recorded in these percentages.

In our case studies, we also found that in one case the scripting had not been added to track conversions, but product sales were being made that we could track separately. It is important to note that although it does not appear that conversions were being made for the four of our older case studies above, however, all clients did report that they had received phone contacts, sales, or leads that they could directly attribute to their search engine advertising programs.

From our analysis, we have found that you don't need to have a huge ad budget to get results with pay for performance advertising. One of our client studies had a very small monthly budget and yet got good results in regard to generating sales leads.

Our Recommendations

Based on our professional use of both Google AdWords and Yahoo! Sponsored Search for clients as well as for our own online advertising, there is not one program that is better than the other. Each pay for performance product has its own place and its own use. Here are some suggestions that may help you decide which program is best for your needs.

When to Use Google AdWords:

- The choice of which to use may be simply predicated on where you want to sell. If your marketplace is global, then Google has more targeting choices and makes it easier for you to sell around the world.
- If your product is technologically oriented or focused on business to business marketing then Google AdWords may be the best selection.
- If you want your product to be shown on CNET, AOL or Amazon then you should use Google AdWords.
- If you want to select specific websites yourself where your ads are to show then Google is your only option.
- If you are a serious advertiser and have the budget for a custom landing page and possibly web site revisions for optimization, then Google is a great option. Consider using their website optimization tool for sophisticated automated A/B ad testing. Google has more sophisticated analytical tools to manage and identify trends and goals in your overall marketing program and to refine your web and ad message than Yahoo!. Be aware that your ad landing page is now reviewed and will help or hurt your ad's quality score as of mid-December 2005 so it is important to factor in the design and creation charges for a good landing page for each different product you are promoting to keep your ad costs low.
- If you want to do a banner image ad campaign, or target your advertising to specific websites then Google is the choice for you.

When to Use Yahoo! Sponsored Search:

- If you are looking for low cost high quality clicks or to stretch your advertising dollars further, then Yahoo Sponsored Search is your best option.
- If you are doing self account set up and self-management, you should use Yahoo! Sponsored Search, as set up and account management is much easier.
- If phone support is important to you, Yahoo is your ticket. You can actually talk to someone over the telephone to ask a question and they are very friendly.
- If your product is multi-media, a beauty or health related item, or focused on using a relational-type selling approach like real estate or insurance, Yahoo! Sponsored Search may be a better match for your needs than Google AdWords. From our experience these products will struggle on Google AdWords and not generate the leads that you are looking for cost effectively.
- If you want to reach a larger market, Yahoo! will typically show more impressions for your ad in a time period than Google will.
- If your marketplace is local in a 100 mile radius, then Yahoo! Local Sponsored Search may be the best fit and specifically if you do not currently have a website, but want to do online advertising to drive foot traffic into your store.

- If you are not able to invest in a custom landing page for your advertising program or just want to test pay for performance quickly and inexpensively, then Yahoo! is best.
- If your ad budget is small (under \$100 per month) Yahoo! may be the best choice as you will typically pay less on Yahoo than on Google AdWords.

What is our personal preference? We like the professionalism and tools that Google AdWords offers best. But we are really starting to see some great results for clients with the new Yahoo product.

We do use all three programs for our own advertising, but we simply like Google AdWords better than Yahoo! Sponsored Search or even Microsoft adCenter at this time. That doesn't mean that Yahoo! wouldn't be the best place for your advertising dollars. Personally I think that the best scenario would be to start on Google AdWords and then expand only your successes onto Yahoo to really blanket the market and generate new business effectively. That being said, each client has specific and unique needs. Feel free to call us and we'll help you to decide which program would be best for your needs and budget.

After reading our analysis you may decide that you want to advertise on both sites and get the best of both worlds. Each of these two programs has their own strengths and weaknesses and strong reasons for using one over the other, but we do have some clients who have opted to advertise with both programs and been successful with both combined. Whichever way you choose, we have solutions for your pay for performance needs from setup only to professional management options. To find out more, we invite you to visit our website to read more in-depth information on these topics.

Pay For Performance Explained

<http://www.mccordweb.com/internet-marketing/pay-per-click.php>

Google AdWords Explained

<http://www.mccordweb.com/internet-marketing/adwords.php>

Yahoo! Sponsored Search Explained

<http://www.mccordweb.com/internet-marketing/yahoo.php>

Google AdWords Quick Start Program

<http://www.mccordweb.com/internet-marketing/adwords-quick-start.php>

Yahoo! Sponsored Search Easy Start Program

<http://www.mccordweb.com/internet-marketing/easy-start.php>

Google AdWords Ratings

<http://www.mccordweb.com/internet-marketing/adwords-ratings.php>

Our Client References

<http://www.mccordweb.com/web-design/references.php>

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