An Introduction to Alpha Beta Campaign Structure

By David Rodnitzky CEO, 3Q Digital

Introduction

The basic building blocks of any search engine marketing campaign are keywords. As John Battelle wrote in his seminal book on search engines – The Search – a search engine is nothing more than a "database of intentions." As search engine marketers, the way we match customer intent with what we are selling is through keywords. For example, the intent of someone looking to get a home loan might be expressed through a keyword like "mortgage rates"; a person considering a camera purchase might type in "best new camera."

Unfortunately, simply identifying great keywords does not automatically lead to SEM success. In fact, without the proper account structure, a perfectly good keyword can actually turn into a nightmare of unprofitability. We recently talked to a company that sold a sleep monitor – a device that measures how much sleep a person gets each night. They had purchased the keyword "sleep monitor", a logical decision. Due to poor account structure, however, their ads were getting served (and clicked) on keywords like "put my computer monitor to sleep" – totally different intent, despite the fact that the words "sleep" and "monitor" were in the keyword.

At 3Q Digital, we've developed a process we call "Alpha Beta" to prevent this sort of problem from happening.

The process is a fool-proof way to ensure that your ads only show on profitable keywords and not on derivations that will only cost you money without results. This whitepaper provides a basic overview to the Alpha Beta process.

# Understanding The Problem: What's a Keyword? What's a Query?

Before we can explain Alpha Beta account structure to you, you first have to understand three AdWords principles:

1. **Keywords and queries**

2. **Match type**

3. **Account hierarchy**

Keywords and Queries

First, let's discuss keywords and queries. A keyword is a word or phrase that you as a marketer choose to purchase on Google. You can choose to advertise on pretty much any keyword you want, but to be effective you want to be very careful to only buy keywords that are laser-targeted to the product or service you are selling. For example, if I was trying to rent a condo by the ocean, I could buy keywords like "ocean" and "condo rental" but I should buy keywords like "ocean condo rental" and "[name of city] condo for rent".

Here's what this might look like in AdWords:
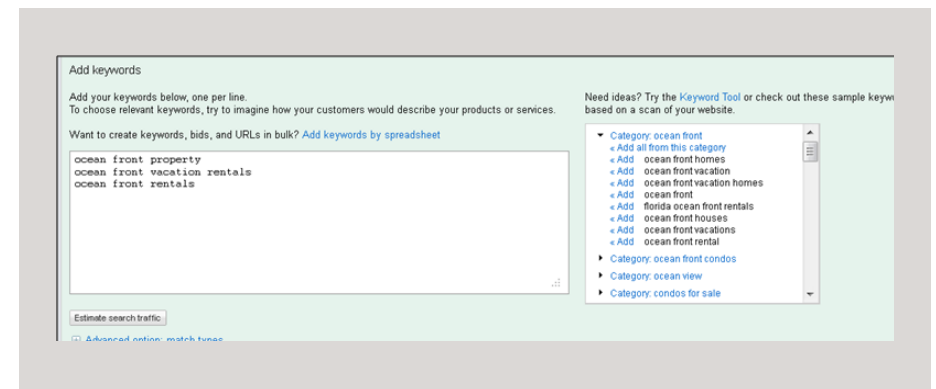
Now that you understand what a keyword is, you need to also learn about queries (also called "web queries", "raw search queries" or "search queries"). A query is what a user actually types into a search engine. Google matches queries to your keywords.

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As an example, if I bought the keyword "ocean front property" and someone typed in a search for "ocean front property cost", it is possible that Google might show my ad for this query (we will discuss this in more detail shortly when we address match types).

Having your keywords matched to queries can be beneficial to your business. For example, there may be queries that you did not discover when creating your keyword list that will drive business to your company, and for these, you want Google to match your keywords to revenue-generating queries. On the other hand, there may also be queries that will just cost you money that you do not want to be matched to. In the example above, someone typing in "ocean front property cost" may actually be looking to buy a condo and not rent a condo. In this case, the searcher would be unlikely to be a potential customer for our business and this query would cost us money.
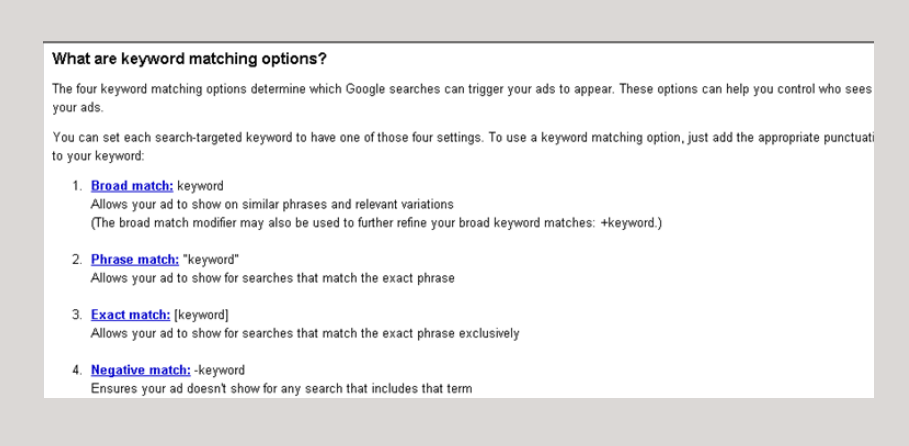
Match Types

Google gives advertisers some control over how aggressively they will match queries to keywords. This is done through the concept of "match types." When you create a keyword in Google, you have five match types you can use to guide Google:

1. Broad Match:

2. Broad Match Modified

3. Phrase Match

4. Exact Match

5. Negative Match

Google does a good job of describing these different match types below (note that Google combines broad match and broad match modified into the same description):

What are keyword matching options?

The four keyword matching options determine which Google searches can trigger your ads to appear. These options can help you control who sees your ads.

You can set each search-targeted keyword to have one of those four settings. To use a keyword matching option, just add the appropriate punctuation to your keyword:

1. **Broad match:** keyword
   Allows your ad to show on similar phrases and relevant variations
   (The broad match modifier may also be used to further refine your broad keyword matches: +keyword.)

2. **Phrase match:** "keyword"
   Allows your ad to show for searches that match the exact phrase

3. **Exact match:** [keyword]
   Allows your ad to show for searches that match the exact phrase exclusively

4. **Negative match:** -keyword
   Ensures your ad doesn't show for any search that includes that term

Source: http://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=6100

As an example of how matching works, let's assume that you buy the keyword "new york city hotels" as a way to try to attract travellers to your NYC hotel. If you bought this keyword on broad match, Google could conceivably match you to web queries like:

• New York City

• Bedbugs in NYC hotels

• Newark Airport hotels

• NYC hostels

• Best hotels in New York

On exact match, however, you could only show up for the exact query – new york city hotels. This might prevent you from getting relevant traffic from terms like "best hotels in New York", but it would also save you from getting matched on irrelevant searches, examples of which are above.

Does this mean that you should only buy keywords on exact match? Well, actually not! This is the beauty of the Alpha Beta system, as you'll soon see.
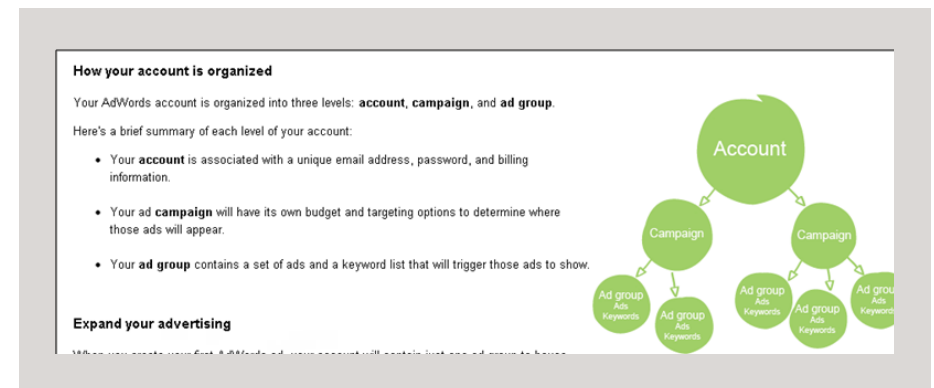
Account Hierachy

The last concept you need to grasp before we dive into Alpha Beta is account hierarchy. When you create ads in Google,

there are three levels of organization that create structure in your account:
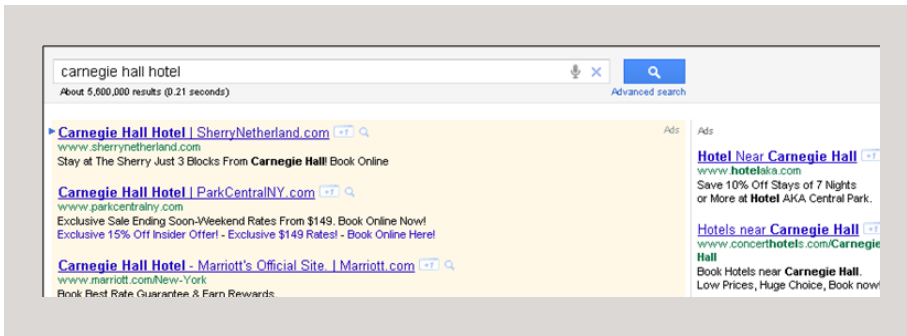
• Account

• Campaign

• Ad Group

Again, Google explains this hierarchy well in its help center:

Source: http://adwords.google.com/support/aw/bin/static.py?hl=en&topic=21900&guide=21899&page=guide.cs&answer=146294

To see how you might use account hierarchy, let's continue to use the NYC hotels example. I might create two campaigns with different geo-targeting – one for people living outside NYC and one for people living inside NYC (this will enable me to bid differently for different demographics as well as create different messaging for these two groups of people). My ad groups would be targeted to different types of user intent, so perhaps one ad group would be keywords about "Uptown NYC hotels", another could be "Discount NYC hotels" and a third could be "Carnegie Hall hotels." Each ad group would have keywords that are similar to the title of the ad group and would have ad text that would focus on the intent behind the keyword (for example, the Carnegie Hall hotels ad group would have an ad that said "Located three blocks from Carnegie Hall and the Carnegie Deli!"). Indeed, I wrote this fake ad without even looking at the results in Google and sure enough the first ad was almost identical to the sample:

To be clear, you can put the same keyword in multiple ad groups, multiple campaigns, or multiple accounts. In that sort of scenario, Google would only serve your ad once on the page, and the keyword that got served would be the one that makes Google the most money (Google uses a calculation of maximum cost per click bid, click-through rate and Quality Score to determine whether an ad is served.

This topic could be its own whitepaper, so if you want the abbreviated version, follow this link: http://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=6111).

The Intersection of Queries, Match Types, and Account History = Trouble

If you've created a well-structured account hierarchy, which carefully chosen keywords and appropriate match types, you are already miles ahead of many other AdWords advertisers, so congratulations! Your work, however, is not yet done. There are still potential landmines ahead that you need to navigate around.

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To illustrate a common problem that we say time and time again, let's once again use the example of an advertiser trying to book rooms at a New York City hotel. As we've already seen, the advertiser has created several targeted ad groups, each focused on different keywords and different searcher intent. Let's assume that initially the advertiser buys all of her keywords on broad match – giving Google the ability to serve her keywords on web queries that are either semantically-similar or synonyms of those words.

After a week of running the keyword "Carnegie Hall Hotel" on broad match, the advertiser checks her web queries in AdWords (learn about how to do this here: http://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=68034) and finds that she's been matched on seven queries:

• Carnegie hall hotel

• Carnegie deli

• New York hotels

• Carnegie Mellon University

• NYC hostels

• Carnegie Hall tickets

• NY hotel fire

Of all of these queries, the only ones that had *any* conversions were

"Carnegie hall hotel" and "new york hotels", but only the Carnegie Hall keyword was actually profitable. As a result, the advertiser uses negative match to prevent every non-converting or unprofitable query from showing up in this ad group.

Problem solved, right? Well, not exactly. The next week the advertiser is looking at another ad group, this one is called "Uptown Hotels". She looks at the queries she's been matched against for the broad match term "Uptown hotels" and she sees seven queries:

• Uptown hotels

• Uptown girl

• Up in the Air

• New York hotels

• NYC hostels

• Uptown train lyrics

As with the prior ad group, only two queries got conversions – "Uptown hotels" and "New York hotels" – and as with the other ad group, there is only one profitable queries, "Uptown hotels." The advertiser uses negative match to remove all the unprofitable queries and moves on to something else.

The next week, she's looking at another ad group and once again sees those same pesky keywords – NYC hostels, New York hotels – showing up again and losing her money! One possible solution to this problem is to create campaign-level negative match keywords. This usually works well, but it also has its problems. A query might perform well in one ad group and poorly in another – adding a campaign-level negative match would remove this query from both profitable and unprofitable ad groups! Alternatively, she could apply some negative keywords at the campaign level, and others on an ad group by ad group basis, but this gets incredibly confusing and can often lead to omissions and mistakes.

So what's an advertiser to do? How can you prevent unprofitable queries from costing you money, while simultaneously creating an account structure that grabs profitable queries and is also easy to manage and maintain? As you might have suspected, the answer is the Alpha Beta account structure!

Introducing Alpha Beta Account Structure

At the core of the Alpha Beta structure are two separate campaigns – the "Alpha" campaign and the "Beta" campaign. You can use whatever naming convention you want for your own accounts – we chose these two because "Alpha" often signifies 'leadership' (like the "Alpha dog") and "Beta" often indicates testing (any time Google releases a new product, they call it a "Beta", which means they have not yet finished working on it yet). Another way to think of this is that all keywords in the Alpha account are proven winners, whereas all keywords in the Beta account are still in testing mode.

Let's assume that you just opened up an account in AdWords. Because you have no history of success at a keyword or query basis, you can start with one campaign – a Beta. The structure of your campaign should consist of a series of highly targeted ad groups, similar to the examples discussed above for a Carnegie Hall hotel. Each ad group should have targeted ad text that speaks to the intent of the keywords in that ad group, and preferably you should have landing pages that also relate specifically to the keywords.

We strongly recommend that you set all of your keywords to broad match modified. By putting a "+" in front of any word in a keyword phrase, you are telling Google to only match you on queries that contain that word (or multiple words that you have put a "+" in front of). For example, if I created a keyword like this: +Carnegie +Hall Hotels, I would be instructing Google to only show me if the words "Carnegie" and "Hall" are included in the query, but I am not requiring Google to restrict queries to the word "Hotel."

Alternatively, I could create a keyword like this: +Carnegie +Hall +Hotels, which would require Google to match me only to queries that have all three words in them (note that the words do not have to be in order, and additional words can also be included in the query, so you could show up for words like "Hall Hotel in Carnegie, WA" or "Best Carnegie Hall Shows with Hotel Packages."

Importantly, however, with broad match modified, you cannot be matched on synonyms or what Google considers to be related searches. Hence, the keyword +Carnegie +Hall +Hotels would not get matched on "NYC Hostels" or "Carnegie Deli", which would be the case if you had purchased this keyword on regular broad match. While it is true that excluding synonyms and related searches might result missing a few converting queries, our research has shown that you are much more likely to receive costly non-converting queries than profitable converting queries.

Setting the Bait – Creating a Beta Campaign

The keywords that you have created on broad match modified in your Beta campaign are your "bait" – you use these to get Google's algorithm to match you on related queries. Every time Google matches you, it's like a fish nibbling on a lure, hence the "bait" term. In a few days, you'll start to see a lot of different queries in your account, some converting, and some that are not. You need to set a

threshold of clicks, cost, and conversion to assess the value of these queries. For example, you might set a cost per acquisition objective of $15, and decide that you need at least three conversions at $15 or less to conclude that a query is a winner. On the other hand, you might say that any query with at least 20 clicks and/or $10 cost and no conversions is a loser.

On a regular basis, you'll run a "see search terms" report and assess all queries based on these two metrics. As a result, you'll end up with three groups of keywords:

- Winners

- Losers

- Not Enough Data

The next step is to take this data and move keywords into the appropriate parts of the campaign. This is where the magic of Alpha Beta will become apparent!

Targeting the Winners – Creating the Alpha Campaign

Your Alpha campaign is for your proven winners. As noted above, you can determine a winner based on whatever metrics work for your campaign, there is no set formula (just make sure to avoid false positives).

In your Beta campaign, you set all keywords to broad match modified. In the Alpha campaign, all keywords (which are based on specific queries) are set to exact match. Moreover, each keyword is put into its own ad group. Internally, we call this "Skagging", because you are creating Single Keyword Ad Groups (or SKAGs).
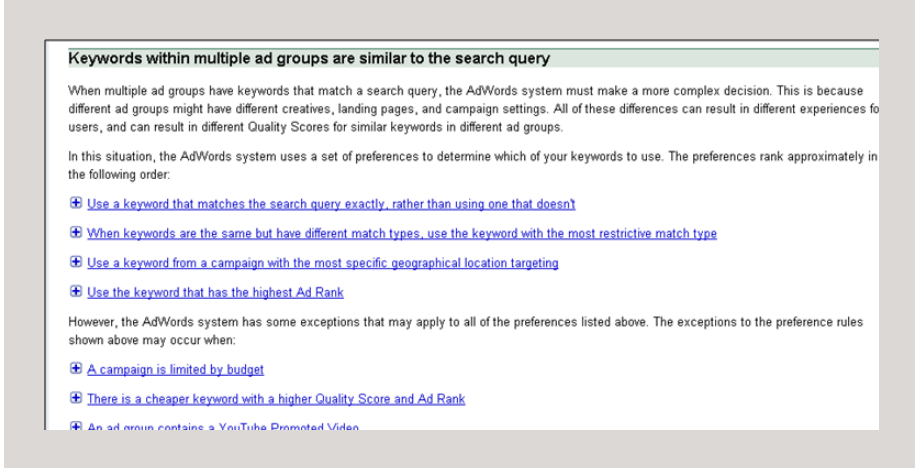
Putting winning queries on exact match in their own ad groups has several huge benefits. First, because you are only using exact match throughout your entire Alpha campaign, you should only have winning, profitable keywords in your Alpha campaign and there is no way for Google to match you on non-winners. Second, the SKAG process enables you to create highly targeted ad text and landing pages. For example, for the keyword "Carnegie Hall Hotels", you can create an ad that specifically mentions "Carnegie Hall Hotels" a couple of times. Because Google will bold any instance of the exact keyword in your ad text, your ad appears more relevant to a searcher and is likely to drive higher click-through rates and lower CPCs. You can also create a custom landing page just for that keyword, or choose the most targeted landing page possible. This should result in higher conversion rates. Combine higher CTRs, lower CPCs, higher conversion rate, and no poor matches, and you should see immediate and significant improvement to your ROI.

Protecting Alpha Queries

Now that you have great Alpha keywords with targeted ad text and landing pages, you need to make sure that Google does not mistakenly serve your Alpha queries in your Beta campaign.

It turns out that there is often a difference in how Google says their system serves keywords and how Google actually serves keywords. According to Google's AdWords help center, if a keyword in your account is on exact match and exactly matches a user's query, that exact match keyword will be served, even if you have another broad match (or broad match modified, or phrase match) keyword that could potentially be served. Here's Google's official explanation of their prioritization process:

Keywords within multiple ad groups are similar to the search query

When multiple ad groups have keywords that match a search query, the AdWords system must make a more complex decision. This is because different ad groups might have different creatives, landing pages, and campaign settings. All of these differences can result in different experiences for users, and can result in different Quality Scores for similar keywords in different ad groups.

In this situation, the AdWords system uses a set of preferences to determine which of your keywords to use. The preferences rank approximately in the following order:

⊞ Use a keyword that matches the search query exactly, rather than using one that doesn't

⊞ When keywords are the same but have different match types, use the keyword with the most restrictive match type

⊞ Use a keyword from a campaign with the most specific geographical location targeting

⊞ Use the keyword that has the highest Ad Rank

However, the AdWords system has some exceptions that may apply to all of the preferences listed above. The exceptions to the preference rules shown above may occur when:

⊞ A campaign is limited by budget

⊞ There is a cheaper keyword with a higher Quality Score and Ad Rank

⊞ An ad group contains a YouTube Promoted Video

In truth, Google's system often makes mistakes, and will serve a broad match keyword against an exact match query, even if you have that query on exact match. This can be harmful to your account in two ways: first, it may serve ad text and a landing page that is not as targeted as those in your Alpha campaign; second, it may actually cost you more per click on broad match than on exact match.

The solution to this problem is quite simple: every time you add a query as an exact match keyword in your Alpha campaign, add it as an exact match negative keyword to your Beta campaign. This prevents Google from mistakenly serving the wrong match type.

To add a keyword as a negative exact match, you simply enter into AdWords Editor as –[keyword] or use the campaign level settings in the AdWords Web interface to upload it as a negative keyword.
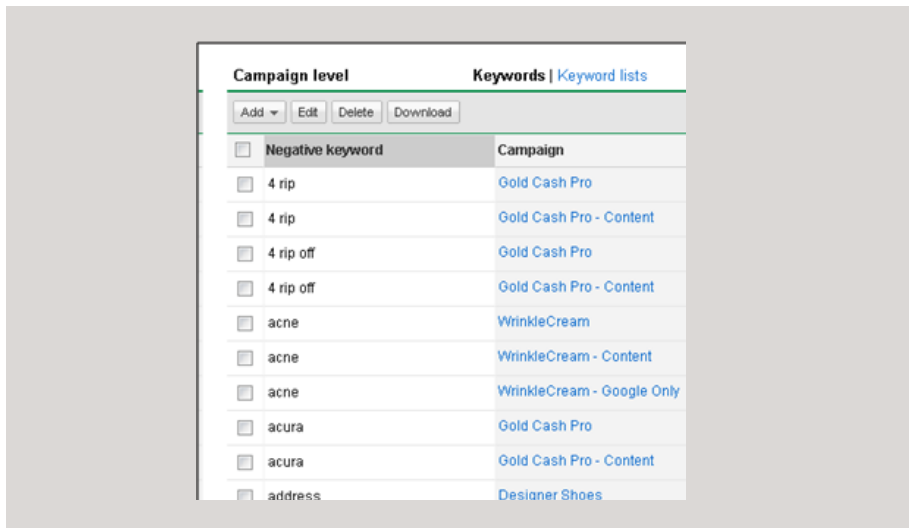
Eliminating the Poor Performers

Creating a great Alpha campaign without simultaneously policing your Beta campaign is a recipe for disaster. The goal of Alpha Beta is to promote great keywords and eliminate bad queries. Since you've already done analysis of your Beta campaign to determine winners and losers, you have a list of queries that you want to exclude. To execute on this process, simply add your poor performing queries as exact match negative keywords to your Beta campaign at the campaign level.

This process ensures that Google cannot show proven bad performers anywhere in your account, since all Alpha keywords are exact match and because you now have bad performers on exact negative match. Combine that with the exist negative exact match keywords you have in the Beta campaign that mimic the winning exact match keywords in the Alpha campaign and you have a very well structured account!

Looking for New Winners and Losers

The last piece of the Alpha Beta puzzle is to continually monitor your middle-ground queries. These are queries that don't have enough data to conclude that they are either Alphas or deserve to be negative keywords in Beta. Typically the biggest winners and losers become apparent very quickly, as these are the keywords with the most volume. Over time, however, proper segmentation of mid-level queries can have a "long tail" effect on your account, in which the collective results of lots of small queries add up to big impacts to your bottom line.

Putting it All Together

The Google AdWords system is designed so that both novices and experts can manage advertising campaigns with it. Inevitably, this results in a lot of the nuances of the system being buried and really only accessible to seasoned professionals. The 3Q Digital Alpha Beta campaign system is designed to blend advanced techniques (raw search query analysis, match type segmentation, SKAG structure) with the most basic building blocks of AdWords (account structure, keywords, conversion tracking) to create a fool-proof, efficient, and dependable method of account structure.

Note that there are plenty of additional advanced techniques that can and should be applied to your accounts on top of Alpha Beta structure. For example, you may want to implement geo-targeting, day-parting, site extensions, or multi-channel attribution modeling to your campaigns. These and many other techniques can have significant and positive impacts on your performance. The purpose of Alpha Beta, however, is not to be the end-all, be-all, but rather a starting point for excellence. Implementing Alpha Beta puts more control in your hands and less in Google's. Hopefully this alone puts you on the path to profitable SEM!

About the Author

David Rodnitzky received a BA with honors from the University of Chicago and a JD with honors from the University of Iowa. Upon graduating law school in 1999, he moved to San Francisco to pursue a career in online marketing.

From 2000 to 2001, David was Director of Marketing at Rentals.com, an apartment rental web site funded by Sequoia Capital and Softbank Venture Partners. While at Rentals.com, David launched the Company's first paid search campaigns with GoTo.com (now Yahoo Search Marketing), driving more than 10,000 qualified visitors a day to the Company's site. In addition to search engine marketing, David also oversaw public relations and branding at Rentals.com.

After leaving Rentals.com in 2001, David joined FindLaw - the largest legal Web site - as Senior Manager of Search Marketing. At FindLaw, David was responsible for all aspects of search marketing and public relations. His marketing efforts resulted in an increase in monthly visitors to the site from 1.4 million unique visitors monthly to more than 4.8 million unique visitors. FindLaw's search efforts were recognized by Google in 2003 when the company asked David to present to the entire AdWords team at the first ever Google Client Forum.

In 2004, David joined Adteractive, an online lead generation company, as Director of Search Marketing. At Adteractive, David grew search marketing from less than $250,000 of revenue a month to fifteen straight months of revenue over $1,000,000 a month. He grew his search marketing team from two to eight team members and was promoted to Senior Director after barely a year at the Company. At Adteractive, he was recognized as a Google AdWords Professional and a Yahoo Search Marketing Diamond Ambassador.

David then joined Mercantila, an online retailer, in January of 2007 as Vice President of Advertising. At Mercantila, David was responsible for all search engine marketing, affiliate marketing, SEO, marketplaces, and email marketing. David managed an advertising team in San Francisco as well as in Bangalore, India. In less than nine months he doubled the Company's monthly profit from advertising. He also negotiated business development relationships with eBay and Amazon.

In January, 2008, David founded PPC Associates (rebranded as 3Q Digital in 2013). David is a featured columnist for Search Marketing Standard (www.searchmarketingstandard.com) and also writes a personal blog on search engine marketing at www.blogation.net. He is also the founder of The Online Lead Generation networking group, an organization with more than 29000 members.

About 3Q Digital

3Q Digital, a digital marketing agency based in Silicon Valley, San Francisco, San Diego, and Chicago, believes clients deserve three things from an agency: passionate service and complete transparency (EQ); channel-specific intelligence and knowledge (IQ) to develop new strategies as digital marketing evolves; and rock-solid execution (XQ) to ensure optimization of every campaign.

The company developed these beliefs as PPC Associates (2008-2013), which made its mark as a pioneering, results-oriented SEM agency before expanding to offer best-in-class services in display advertising, social media advertising, mobile advertising, video advertising, and SEO. 3Q Digital works with some of today's fastest-growing clients, including GoPro, 23andMe, 2U, SurveyMonkey, Fitbit, and RentTheRunway.

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