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Online advertising and its usage for a particular e-shop

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Replace this page with the assignment of the Thesis

I hereby declare that I have done this Bachelor Thesis myself using the cited literature and under the guidance of the Thesis Supervisor.

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In Mladá Boleslav on 14. 2. 2017

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List of used abbreviations

PPC	Pay Per Click
SEO	Search Engine Optimization
CZK	Czech Koruna
CTR	Click Through Rate
ROI	Return On Investment

Introduction

Nowadays, online shopping has become very easy, fast and comfortable. Therefore, it is not surprise that the number of companies focused on the online environment, has recorded a dramatic increase. This situation allowed conditions for online marketing to arise. On the Internet, it is necessary to find the right customers and adjust a marketing activity according to their needs. The next step is to persuade the users to buy a product or service. Websites have been taken for granted; nevertheless, if the company wants to be sufficiently competitive, it is crucial to pay attention to marketing on the Internet.

The online environment is dynamic, constant changes are not exception, new tools are coming out, and those that have already been created are constantly updated. A cornerstone of success is to watch and learn new things. In general, online marketing is divided into many disciplines, so every company has to decide what the priorities are.

The aim of the bachelor thesis is to analyse online advertising in search engines for a particular e-shop. The main goals of this advertising activity are to get new and relevant visitors on the websites, build brand awareness and above all convince a user to complete a purchase and become a regular buyer.

This bachelor thesis is divided into three main chapters. In the first chapter, there is a definition of marketing and digitization in general, the first chapter continues with focus on the emergence of online marketing. The second chapter defines online advertising and describes the main forms of online advertising and channels for their placement. Emphasis is placed on the PPC system and the subsequent advertising. In the conclusion of the second chapter, there is a description of other marketing tools with an overview of the metrics for efficiency evaluation. The third chapter refers to my online advertising for Sportinator.cz. At the beginning, there is an introduction of the e-shop is provided with its target group and goals. Finally, an evaluation of marketing efforts is described with a recommendation based on the experience and knowledge, which was gained during the advertisement. The data in this chapter is drawn from internal accounts - Google AdWords, Sklik and Google Analytics.

1 From marketing to online marketing

1.1 Marketing and digitalization

Nowadays, I have found countless definitions regarding marketing. I have decided for one of the clearest.

Marketing is the process of creating, communicating, and passing value to the customer. It is not only about selling and advertising, but this process identifies customer's needs and tries to satisfy them. (Kotler and Armstrong, 2016)

Two main targets are defined in marketing – first one is to catch the customer attention and convince him/her about the product or service. The second one is to keep and take care of the satisfaction. It is not only about selling and advertising; however, the needs of the customer are very important. It is recommended to build the relationship and try to fulfil the needs. (Kotler and Armstrong, 2016)

This process of digitalization has dramatic impact on the current marketing. During digitization, the analogue format is replaced by the digital one. Analog information is a record, which uses physical quantities and reacts to physical stimulus. In the digital world, data such as texts, pictures, or sounds are converted into numeric values, which are called bite streams. Nowadays, the main part of world business is realized through the help of telecommunication networks. (Kotler, 2010)

The Internet has become the most powerful tool, and it is the fastest growing mass media in human history. The latest statistics show that in June 2017, there are more than 3.8 billion internet users. Moreover, the growth between the years 2000 and 2017 was 976.4 %. (Internetworldstats.com)

1.2 Online Marketing

This type of marketing uses the Internet or e-mail to accomplish the set goals, whether it is or simply increasing brand awareness or increasing sales of products and services. It begins with the acquisition of new customers, continues to turn them into loyal customers. The results of the online marketing activities are easily measurable and a potential customer is targeted directly.

At the end of the twentieth century, the first examples of online marketing emerged. When the first advertisement was launched, several marketing companies realized

the potential was immense. At that time, the access of ordinary people to the Internet was very limited, so this sector was only a complementary activity. (Janouch, 2010)

Online marketing as the fastest growing form uses many tools for fulfilling the goals. The most common ones are online advertisements, websites, blogs, and videos. Social media and mobile marketing cannot be forgotten, because they play significant role in the current online marketing strategy and are often utilized. (Kotler and Armstrong, 2016)

Online, digital, and internet marketing have different names but indicate the same thing. This part of marketing has turned to the very complex and varied field, which covers many marketing forms and activities.

This visual below provides basic understanding about individual parts of online marketing, which has many specializations for example SEO, Email marketing, or Online advertising. In my bachelor thesis, I focus on Online advertising in search engines which are Google.com and Seznam.cz. For better understanding of the topic, second chapter explains the basic principles of online advertising.



Source: Trainer, D.

Fig. 1 Internet marketing visual

2 Online advertising

In this time when consumers dedicate more time to activities on the Internet, marketers are ready to adjust marketing strategies via online adverts to address consumers and build a brand of the company. (Kotler and Armstrong, 2016)

To even survive in this period, marketing strategies must be adapted to the current environment. Online advertising represents one of the key forms how to do it, because it is displayed during web browsing. (Kotler and Armstrong, 2004)

Online advertisement is paid medium and its usage varies depending on the company focus. The main purpose is to promote certain products and services or just build an awareness about a brand or company. In comparison with other advertising media, the Internet is clearly marked with the most accurate targeting. Online advertising can catch the attention easily because of the interactive character.

The main advantages of online advertising can be summarized in several points:

Complexity – the customer can be targeted by many methods at the same time.

Availability 24/7 – it is possible to update anything anytime. It can be paused or deleted regarding the needs.

Measurement and control – results, changes, goals, or all activities are measured with proper settings.

Optimization – thanks to the data about the behaviour on the website.

Costs – in general cheaper than printed ones, operation of the shop, or commercial on TV.

2.1 Basic forms of Online advertising

In terms of form, online advertising is divided into two main groups – display, text. In recent years, online advertisements marks massive explosion. Back to the past, the first online advertisement appeared on the Wired Magazine's website hotwired.com. It happened in October 1994. It was a banner, which caused a revolution in marketing.



Source: Thefirstbannerad.com

Fig. 2 The first online advertisement on the Internet

2.1.1 Display advertising

Display ad takes place almost everywhere on the Internet, and it is most often connected in general with the information or website which was viewed in the past. (Kotler and Armstrong, 2016)

This form has many formats and items. I would like to mention some of them.

- **Banners** – represent the essential part of display ads. Nowadays, lots of experts describe an unobtrusive problem regarding banners. The problem is called banner blindness. Banners are shown on so many websites that visitors often hardly notice them and banners are automatically over-looked. On the other hand, banners still have an irreplaceable position. (Janouch, 2010)

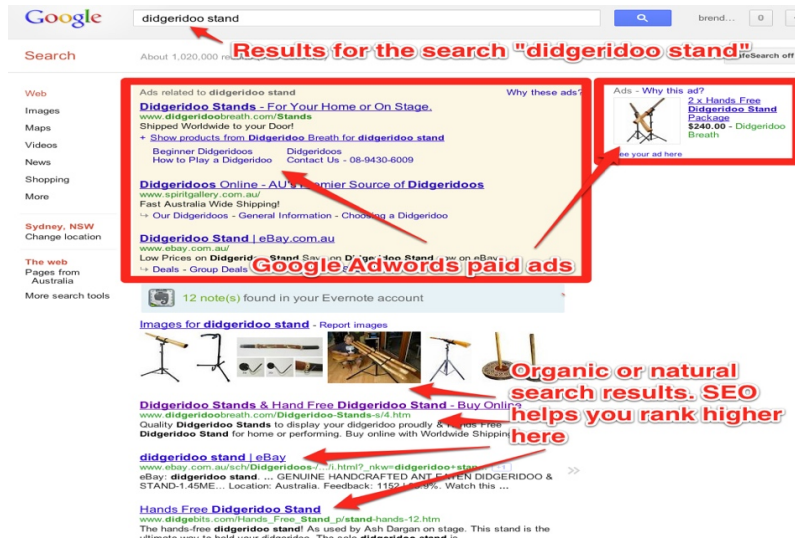
The formats represent a significant role. The most used formats are: 468 x 60 (Full Banner), 336 x 280 (Square), 300 x 250 (Square), 160 x 600 (Skyscraper), 120 x 240 (Small Skyscraper), 234 x 60 (Half Banner), 180 x 150 (Rectangle), 125 x 125 (Square Button), 120 x 90 (Button). (Designerstoolbox.com)

- **Pop-up windows** – are a very unpopular platform for the visitors. Marketers have to be careful with their usage because it can easily dissuade the visitor to continue on the website. Besides, modern browsers can reliably block them.
- **Buttons** – picture the small advertising places often at the end of the website, which can lead, for example, to partner's websites or subscription of a newsletter. (Janouch, 2010)

Another possible formats include video or audio, which can easily attract the consumer attention and avoid their banner blindness. Difficult processing is considered to be the main disadvantage of these formats.

2.1.2 Search-related ads

Search-related adverts generated approximately 50% of all online advertising spending in 2015-16, which means that this is the most powerful form for online advertising. This form has potential to use the power of internet browsers, particularly Google, for better and precious targeting the potential customers. After search results, the adverts will appear in two forms, text or image – based. (Kotler and Armstrong, 2016)



Source: The Search Engine Shop

Fig. 3 Paid advertisements

The figure 3 offers a basic description after search for a specific term. The general purpose is to be seen on the top of the first page, because of a higher probability of clicking on an advertisement.

2.2 Channels for applying online advertising

To maximize the success of a marketing strategy, it is important to think about the advertising space where it will be displayed and implemented. In the beginning, the target group must be defined, and then the channels can be chosen or combined. The following chapters will describe in detail the individual channels that are currently used for online marketing strategies.

2.2.1 Websites

Own website is the first and essential step for doing business on the Internet and for subsequent marketing activities. The website should be clear, structured, and attractive for the potential customer. Websites are basically divided into two main categories – corporate websites, marketing websites.

Corporate websites have an information purpose. These websites inform about the history, services, or products. Interactive communication represents another important object such as customer support.

On the other hand, marketing websites are led by marketers who try to persuade or motivate potential customers to buy. These websites include, for example, promotional items, sales events, catalogues, and discounts. (Kotler, 2010)

2.2.2 Social media

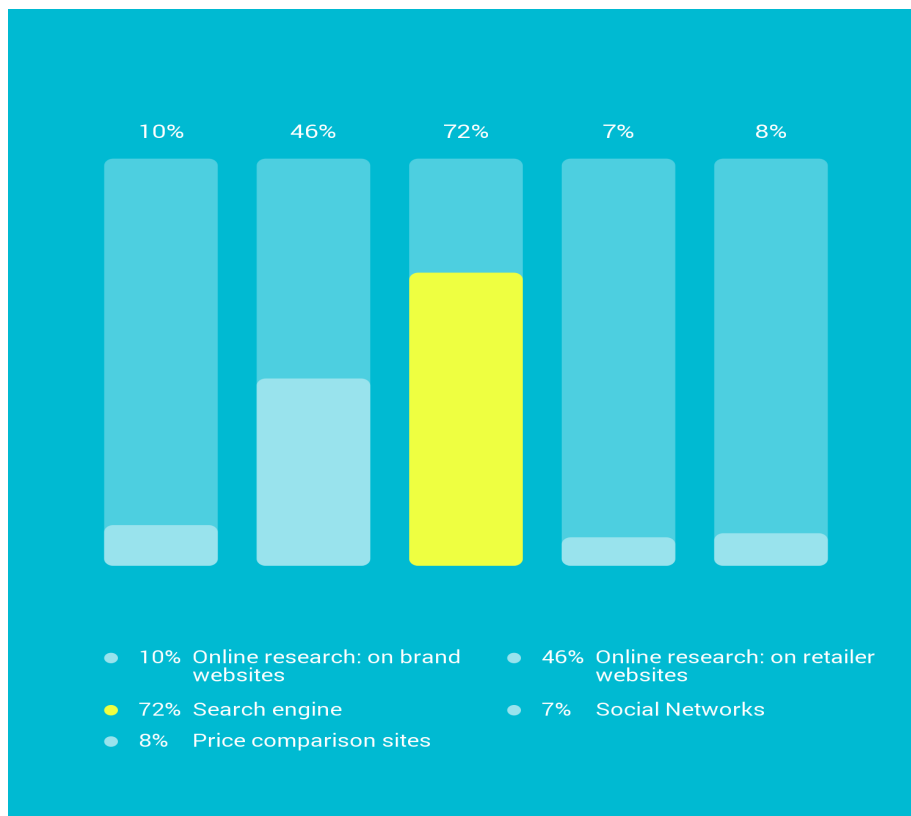
In recent years, social media have been recognized as the new key player in online marketing. Social media have recorded a massive growth of users and potential for marketing activities. For companies, it is a place offering a great opportunity to be in touch with a potential customer group. The main advantage is two-way communication and thereafter easy targeting new potential customers or just building awareness of a brand. The most common social media on the Internet market are Facebook, Instagram, LinkedIn, and Twitter. Each social network is different, and it is necessary to adapt the marketing activities exactly according to the specific objectives, which are suitable for a given social network.

Social media marketing requires a different approach from a marketer since the content is simply created and shared by the users. It is not about instant success, but constant and flexible course of action could lead to a very successful strategy. Marketers have the possibility to directly monitor what customers ask for, what they complain about, how they express their feelings, and talk about the company. An important factor is the customer's rating because it is considered far more truthful and trustworthy than anywhere else. Users easily communicate, vote, and comment, and the company must keep track of it all. The goal is to find a common solution not deleting unpleasant things, which were written about the company or products. (Janouch, 2010)

2.2.3 Search engines

"Search Engine advertising is when marketer pays to have advertising appear in search engines when a user types in particular phrase that marketer has purchased." (Scott, 2010, page 250)

Search engines are considered as a gateway to the Internet. For the companies it means that it is really important to know more details about the users especially what they are looking for, what kind of products or services they are interested in etc. (Kolektiv autorů, 2014)



Source: Consumerbarometer.com

Fig. 4 Comparison of online marketing sources

This visual shows how important the search engines are and gives an answer for the question – Which of these online sources informed your recent purchase, at any stage from getting initial ideas to reaching a final decision?

The graph shows that 72 % of the respondents use search engines (in the Czech Republic) as a main online source to get more information about potential purchase.

This information is familiar to the digital marketers, so the adverts in Search Engines are taken seriously and lot of money is invested to this advertising channel.

2.3 PPC advertisements

For my bachelor thesis, it is crucial to mention the most widely used model which is called PPC. The abbreviation PPC means Pay-Per-Click. This method of payment has brought a revolution in Online advertising. The advertiser pays for the adverts only at the moment when the user clicks on the adverts making this one of the biggest advantages of PPC. The adverts appear after the user enters a particular keyword into the search engine or browses on the websites where the ad is displayed. Without the click, these ads can be displayed and build the brand of the company free of charge. The average Click-through rate (CTR) is around 2 %, but it depends on the product or service. The growing popularity of PPC has increased competition in this field, and, as a result, the cost per click (CPC) is much higher than in the past. The trend is clear, more and more marketers use this form of online marketing, so the costs are growing. (Kotler and Keller, 2013)

To be at the top of the first page is the main goal for PPC ads. The ads appear above the organic (natural) results, so the chance to attract a potential customer is relatively high. The position of PPC adverts is determined by two factors. The first one is cost per click (CPC) – but it does not work like in normal auction – a higher price does not automatically mean better position. There is a second factor of the same importance – Quality score. Quality score works on a scale 1-10 (10 is the best), and it consists of CTR (click through ratio), landing page experience, and advertisement relevance. The point is to make ads relevant for a potential customer. The customer should find what he/she sought. (Přikrylová and Jahodová, 2010)

2.3.1 Google AdWords

Google launched the first PPC model – AdWords in February 2002. Nowadays, Google AdWords has become the most used and common PPC model representing the main source of revenue for Google. In the beginning, the adverts were only textual and appeared as a search result. It was only a matter of time when partner sites were added, which allowed advertisement that corresponding to the content of the sites to be displayed. (Kolektiv autorů, 2014)

Google AdWords works in online environment, so it has become flexible and anytime everything can be edited and created - campaign, ad group, ads, or budget. Handling Google AdWords, for example, tracking and evaluating the results. It is very intuitive to work with. There are many tools and settings that can be used very effectively. The big advantage is total freedom regarding the budget settings as there is no minimum or maximum spending. It is totally managed by the user.

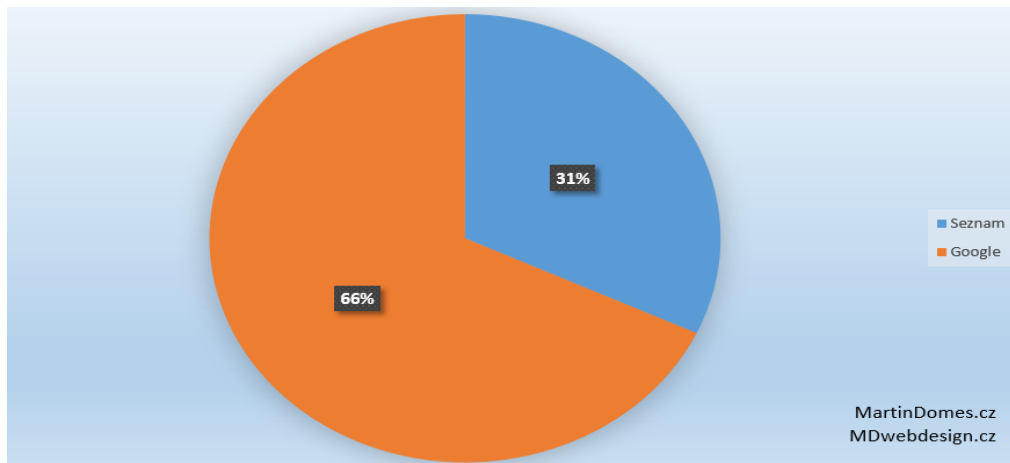
Google also counted with the possibility of working without the Internet and created an offline platform – Google Adwords Editor. The process is very simple, the account has to be downloaded with the latest changes, and then it can be easily uploaded after offline work. The Editor is not used only for offline work but it offers large-scale changes such as editing keywords for many campaigns and copying and pasting between the campaigns or ad groups. (Janouch, 2010)

2.3.2 Sklik

In the Czech Republic, the second most popular search engine is called Seznam. Google is currently leading the market; however, in the past Seznam had a strong position. Seznam tried to create a similar platform to Google Adwords, which name is Sklik. The principle and mechanism of Sklik is really similar to Google Adwords. (Domes, 2012)

Sklik displays ads in search results after using search engine Seznam.cz and in the content network. There is also no minimum and maximum spending. The first 2 ads are displayed below the search results, not only at the top. Sklik offers many types of targeting - retargeting, product advertisement, placement targeting, regional targeting, topics, gender, interest-specific advertising, and keywords. (Napoveda.sklik.cz)

The figure 5 shows a proportional representation of search engines in the Czech Republic. Google is used by 66 % of the users and Seznam has got 33 %.



Source: Domes, 2017

Fig. 5 Search engines in the Czech republic

2.4 Other online marketing tools

In my bachelor thesis, I would like to mention concepts connected with online marketing. Nevertheless, in my practical part these tools are not used and demonstrated, because they are not so important and suitable for my client.

CPM: The abbreviation means “cost per mille” or “cost per thousand”. CPM is considered as the oldest and most traditional way to pay for display adverts. It means directly purchased advertising space. In the beginning, when the first Google advertising system was launched, the payment was not for clicks but for thousand impressions. (Janouch, 2010)

Emailing: Sending emails is considered an effective online marketing technique, which is often underestimated. Emailing offers many options with one of them being to build a long-term relationship with the customer. At first, the customer has to give a permission for regularly sending emails, then the company can be in touch with the customer and build the awareness. However, nowadays there are many types of email campaigns such as sending a newsletter or emails to a customer who left the shopping cart. (Kolektiv autorů, 2014)

SEO: For an organic result, it is very important to follow Search Engine Optimization (SEO) principles. The purpose of SEO is making a website discoverable. If a potential visitor wants to find something and types a key word to f. e. Google search engine, the main purpose of SEO is to show the website on the first positions. It is not only a technical but also creative field because the content has to be optimized.

This type of visit is called Organic search. These activities are free of charge, which means no fees for Google or other Search engines. Therefore, it is up to a SEO specialist and programmers to provide satisfactory results. (Kolektiv autorů, 2014)

2.5 Important metrics to assess the effectiveness of online advertising

The effectiveness is demonstrated by the metrics, which is possible to control in PPC systems – Google AdWords, Sklik. However, Google Analytics offers a more detailed report with various metrics and angles of view. The metrics have to be suitable for exact goals. I have chosen the most common and widely used ones, which are taken under consideration in most cases.

Clicks: this metrics shows how many people click on the ads. In the PPC system, an advertiser pays for clicks. If the website is not available, the click is still counted and cost must be paid.

Impressions: informs us how many times an ad was viewed. Impressions are counted every time if an ad appears on a search results page or on another site on the Google.com or Seznam.cz network.

CTR: means click through rate. It is the ratio between the number of clicks on the ad and the total number of ad impressions.

CPC: means cost per click. Usually in Google Analytics, there is an average CPC for the specific campaign.

Conversions: a visitor's site action that shows the goal of the site. In the case of e-shops, the main conversion is a purchase. When a visitor becomes a customer.

ROI: means return on investment which demonstrates a profitability of the marketing campaign

3 Practical part

In this practical part, I would like to focus on creating an online marketing strategy for a particular e-commerce. In particular, I would like to demonstrate PPC ads on a real case. Before creating a marketing strategy, I will introduce this e-commerce, define a target group, and the main goals of my marketing activities. I also need to know the competition on the market.

3.1 The characteristics of the e-shop - Sportinator.cz

The e-shop used in this bachelor thesis is available on the website: www.sportinator.cz. The company was founded on July 19, 2016. The marketing agency where I work, acquired the online marketing activities of the company in 2017. In my bachelor thesis I do not handle with marketing on social media, although this company is very active on Facebook and Instagram. It would be interesting to compare the Facebook ads as well, but I specialize in search engines.

This e-shop offers various print clothes with sports themes and operates only on the Czech market. The range of goods was focused mainly on T-shirts, but nowadays offers many kinds of sport clothes such as sweatpants, sweatshirts, jackets, shorts, or tights have been included. The products are divided by sports and sex. It is essential for an e-shop to have a website. Sportinator.cz has a new, structured and clear website, which allows a potential customer to orientate on the page very easily and without any problem and misunderstanding. Website is created in minimalist design with the moving carousel, where the main events and attractions are displayed. The website is displayed on the figure 6.

As I mention in this chapter, this company is specialized in the printing of sportswear, which is unique in the Czech Republic. There are a few companies that offer print clothes, however with various themes. Sportinator.cz focuses exclusively on the sport and offers a wide range of products for many sports. Goods being usually sent in 24 hours after ordering.



Source: Sportinator.cz

Fig. 6 Sportinator's website

3.2 Defining the main goals of online advertising

Without a well-defined goal, a successful marketing strategy cannot be established. Therefore, it is crucial to clearly define in advance the objectives, which have to be achieved.

For Sportinator.cz, the main goal is to increase relevant traffic through PPC ads, target potential customers, and in general to improve brand awareness. For an e-shop, the main conversion is obviously a purchase/transaction. However, it is not the only goal. We have set many other goals - newsletter subscription, user registration, adding item to the shopping cart, and participation in a competition. In this bachelor thesis, I use a conversion term for all the goals except a concrete transaction that I mention separately.

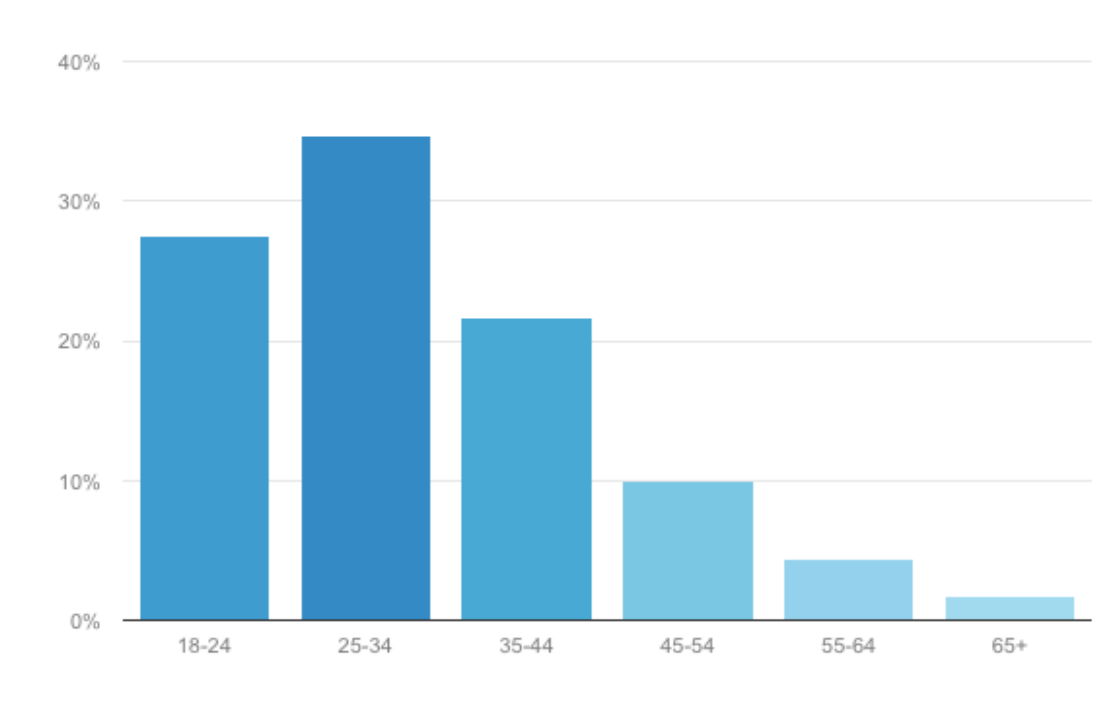
Thanks to correct setting of web analytics, the buttons are measured, so for example when the visitor clicks on "Zaregistrovat se" (register) the information is sent and counted in Google AdWords, Sklik, or Google Analytics.

3.3 Target group of Sportinator.cz

Accurate definition of a target group is necessary. Moreover, it is important to identify potential visitors and find out what they do and expect. Based on this knowledge, the next step is to give them exactly what they are interested in.

Sportinator.cz is a Czech company and operates only on the Czech market. It means that I will place the ads only for the Czech Republic and I do not have to include other countries, so the target group is smaller. As for devices, I have to count with mobile devices, not just a desktop.

Based on the previous data in Google Analytics our target group includes younger people, especially age groups 18-24, 25-34, 35-44, so it would not be so effective to focus on older age groups. Sex does not play a significant role; women and men are targeted. The visual bellow shows the situation between ad groups with Groups 25-34 having the largest representation.



Source: Custom processing

Fig. 7 Age groups of the target group of Sportinator.cz

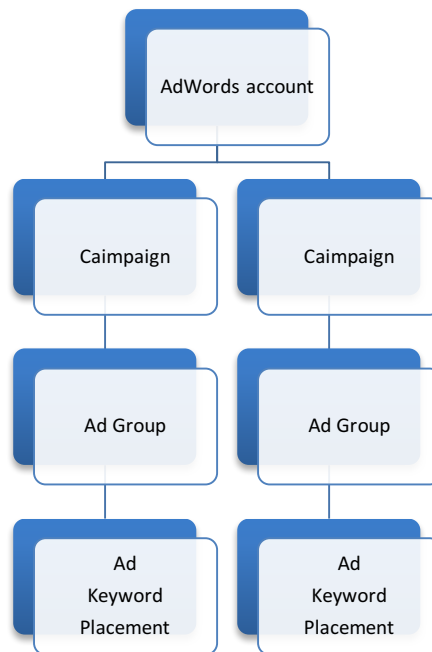
3.4 Creation of advertising campaigns

In this chapter I focus on the practical analysis of the selected PPC campaigns presented in the theoretical part. My online advertising of Sportinator.cz took place in 2017. I have chosen 3 campaigns in Google AdWords and the same amount in Sklik. I do not specify the exact time period of my tracking, because of the company policy. Every campaign in my bachelor thesis lasted for 2 months. Then I evaluated the results and proposed changes. In the column - Transactions, the numbers are

modified by a constant. Every financial data such as daily budget or CPC are modified by a constant as well. To analyse the data, I have used Google Analytics, Google AdWords and Sklik.

3.4.1 Google AdWords

Google AdWords offers very friendly and intuitive environment for the marketing activities. It is very easy to switch between the panels. For creation of the strategy, the hierarchy has to be followed. The hierarchy is captured in Figure 8.



Source: Custom processing

Fig. 8 Google AdWords hierarchy

Campaign 1

The first one is represented by display campaign, which serves as a brand campaign. The main purpose is to increase brand awareness and traffic on the website. The campaign is divided into 2 ad groups with a different targeting option. The daily budget was CZK 400 per day.

The first ad group is focused on the topic targeting. This targeting allows ads to be placed on websites which correspond with the topic, and they are on the Google Display Network. I have chosen sports topics such as basketball, football, football equipment, etc. Sports topics could be suitable for the target group. Immediately I knew an estimate of an initial targeting reach of week impressions, which was 10-

50 million. However, this estimate does not reflect the settings, bids, and budgets. I set the limit of CZK 40 per click.

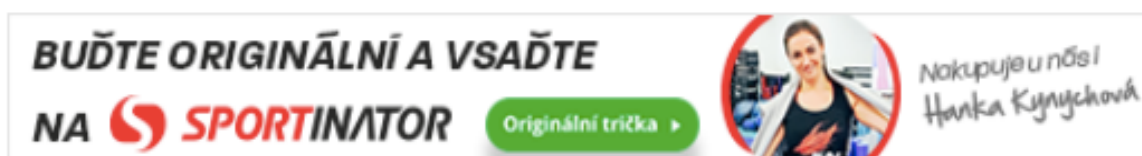
The second ad group has placement targeting, which means that I used many websites where visitors can see our ads. I had to look for a website, which could be suitable for our target group. Mostly I was concentrated on websites with sport themes. I took a look at the historical bids on similar websites, and I kept the limit of CZK 5.00 per click. The results are shown on campaign level including both ad groups. For evaluation I used metrics, which are described in chapter 2.5.

Figure 9 demonstrates one of the advertisements of Campaign 1 with the famous Czech moderator and sportswoman Hanka Kynychová.

Tab 1. Results of the Campaign 1 (AdWords)

Clicks	Impressions	CTR %	Pages/visit	Conversions
286	752,498	0.04	4.2	41

Source: Custom processing



Source: Google AdWords (custom processing)

Pic. 9 The advertisement of Campaign 1 in display network

Campaign 2

The second campaign is also display network only; however, it is attractive because of the cooperation with Antonin Panenka, a famous footballer, who won European championship in 1976. In 2017, he became the face of Sportinator.cz marketing activities. On this occasion, I have made a campaign which is focused on football clothes and the main representative Antonin Panenka. The campaign has 2 ad groups with different targeting. The daily budget was CZK 330 per day.

The first ad group is set to targeting by interests of the audience. It is different kind of targeting than the one by topics. Targeting by interests targets relevant users with a specific interest. The ads are displayed to the selected users in Google display network. I have chosen the audience with football and sports interests in general. I had lower daily budget, so I set the limit of CZK 30 per click.

The second ad group has keywords targeting. I have chosen words associated with football such as famous football clubs, players, tournaments, etc. Thanks to Display planner, I knew the past CPC, but I wanted to be careful, so the maximum CPC was CZK 25.

One of the banners with Antonin Panenka is shown in Figure 10.

Tab 2. Results of the Campaign 2 (AdWords)

Clicks	Impressions	CTR %	Pages/visit	Conversions
642	175,752	0.37	3.5	45

Source: Custom processing



Source: Google AdWords (custom processing)

Fig. 10 The advertisement of Campaign 2 in display network

Campaign 3

The third campaign is a special type called Shopping campaign. The main purpose of this campaign is to promote our products and provide the user with detailed information about the product even before a click and in comparison with the competition. The ad is displayed on the top just above the organic results and paid ads. To set and create this campaign is a little complicated, and one of the requirements is Product Feed Specialization, which allows the product data to be sent in the right format for the Shopping campaign. This campaign has only one ad group with all the products thanks to the Product Feed. This Shopping campaign should be the main source of conversions and especially transaction. That is the reason why I set the daily budget of CZK 1,700 per day.

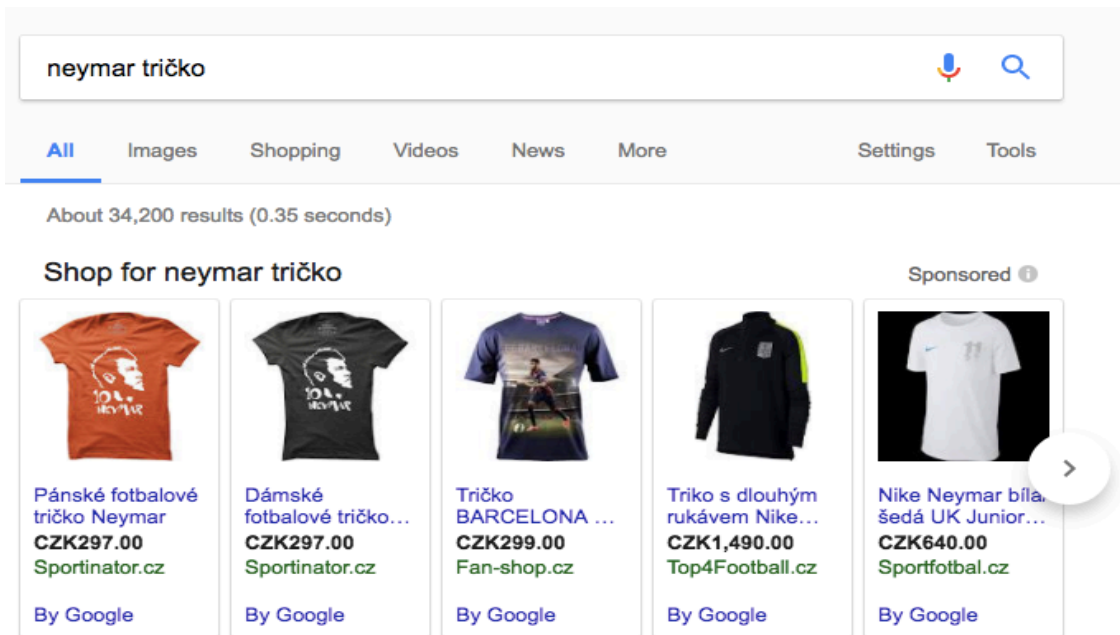
On the ad group level, I have decided for the limit of CZK 40.00 per click. The products are divided into product groups and the targeting is automatically based on user's search term and product information. However, I do not set any targeting options like in the previous campaigns.

Tab 3. Results of Campaign 3 (AdWords)

Clicks	Impressions	CTR %	Pages/visit	Conversions
1 220	101,782	1.20	7.5	591

Source: Custom processing

Figure 12 shows the example of the shopping campaign after entering the term "T-shirt Neymar".



Source: Google AdWords (custom processing)

Fig. 12 The advertisement of Campaign 3 (Shopping campaign)

3.4.2 Sklik

As I mentioned in the theoretical part, the search engine (Seznam.cz) is the second most popular search engine in the Czech Republic. That is the reason why I want to use the marketing platform – Sklik. I would also like to cover this channel to find as many potential customers as possible. Sklik is really similar to Google AdWords, so there is no problem with the usage.

Campaign 4

The fourth one is the search campaign, which is focused on cycling. Therefore, the main purpose is to promote and find potential customers who are interested in cycling and they are willing to buy cycling clothes. The campaign is divided into 14 ad groups by gender and type of clothing, for example vests for man and t-shirt for women. The daily budget for this campaign was CZK 300. Every ad group had the limit of CZK 30 per click, except for one ad group (t-shirts for men) where I expected the highest interest so I put CZK 40 per click. It is the search campaign, and I had to figure out possible keywords. I chose, among others, cycling jackets, cycling t-shirt, and bicycle vest for women.

Figure 13 offers quick look at one of the advertisements in Campaign 4.

Tab. 4 Results of Campaign 4 (Sklik)

Clicks	Impressions	CTR %	Pages/visit	Conversions
138	5 708	2.42	6.8	24

Source: Custom processing

Cyklistická trička pro pány – Pohodlí během každé jízdy

www.sportinator.cz

Široká nabídka dobře padnoucího sportovního oblečení.

Source: Sklik (custom processing)

Fig. 13 The advertisement of Campaign 4 in search network

Campaign 5

The fifth one is the search campaign, which is focused on the clothes in general without any specification by sport. The campaign includes more products than Campaign 1 in view of the fact that it includes all sports. I agreed to the daily budget that I set at CZK 500. This campaign is divided into 15 ad groups again by type of clothing and gender. I used a similar strategy with most of the ad groups having the limit of CZK 30 per click, except for 2 ad groups – men's t-shirt and men's vests, where I increased the limit up to CZK 45. I chose keywords which correspond with ad groups.

Tab 5. Results of Campaign 5 (Sklik)

Clicks	Impressions	CTR %	Pages/visit	Conversions
151	5 418	2.79	7.5	23

Source: Custom processing

Kvalitní trika pro pány – U nás najdeš to, co hledáš

www.sportinator.cz

Žiješ sportem? U nás si určitě vybereš ze spousty cool pohodlných kousků.

Source: Sklik (custom processing)

Fig. 14. The advertisement of Campaign 5 in search network

The figure 14 demonstrates one of the advertisements of the Campaign 5.

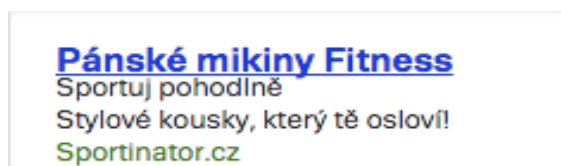
Campaign 6

The sixth campaign is also of the search type, and its main purpose is to promote fitness clothes and target the potential customers, who are willing to buy clothes with the focus on fitness. The campaign, having a similar structure as Campaign 1, is divided into 14 ad groups by gender and type of clothing. I chose several keywords regarding the fitness clothes, for example men's tracksuits, sweatshirts with zip for women, and other. The daily budget for this campaign was CZK 300. Every ad group had the limit of CZK 30 per click, except for the ad group with men's hoodies, where I expected the highest interest. This ad group has the limit of CZK 40 per click.

Tab 6. Results of Campaign 6 (Sklik)

Clicks	Impressions	CTR %	Pages/visit	Conversions
62	1 298	4.78	2.10 CZK	3

Source: Custom processing



Source: Sklik (custom processing)

Fig. 15 The advertisement of Campaign 6 in search network

3.5 Summary and evaluation of PPC campaigns

Now, I would like to focus on the evaluation of the established promotional campaigns. I have to start with the comparison of the main sources AdWords and Sklik. At the first glance, it is clear that Google AdWords was more successful and our target group is on Google.

Table 7 shows the summary of the results for every single campaign and a total number of metrics for AdWords and Sklik. The results prove that the target group is primarily on Google.

However, the first main goals were to increase relevant traffic and brand awareness. In total, the website recorded 2 148 clicks from Google campaigns and 351 clicks from Sklik campaigns. In comparison with all the traffic sources, paid search accounts for 49 percent of total traffic from all sources based on Google Analytics data. Organic search has the second place with 24 percent. The other sources are direct visits, email, or referral. It means that paid search has become the main source of traffic thanks to the campaigns. I expected better results from Sklik campaigns because they are search related, but the search for our keywords was not so high on Seznam.

In total, the advertisements were displayed 1,030,032 times on Google and 12,424 times on Seznam. I have to mention that the campaigns on Seznam were only search-related, so the number of impressions was lower. Anyway, impressions recorded very solid result; moreover, they are for free in PPC systems. To sum up, the advertisements of Sportinator.cz were displayed more than one million times.

The most successful campaign was Campaign 3, which was a shopping campaign in Google network and has become the key campaign for Sportinator's online marketing activities. It recorded the most clicks, impressions, conversions, and transactions. It was reflected in the total cost of this campaign. In the future, it is necessary to constantly optimize the campaign.

Sklik had worse results; however, the average CTR for all the campaign in Sklik was 3.00 %. It means that 3 % of people who viewed an ad clicked on it.

Tab. 7 Summary of the campaign results

	Clicks	Impressions	CTR %	Pages/visit	Conversions
Campaign 1 (AdWords)	286	752,498	0.04	4.2	41
Campaign 2 (AdWords)	642	175,752	0.37	3.5	45
Campaign 3 (AdWords)	1,220	101,782	1.20	7.5	591
total	2,148	1,030,032	0.80	5.9	677
Campaign 4 (Sklik)	138	5,708	2.42	6.8	23
Campaign 5 (Sklik)	151	5,418	2.79	3.2	24
Campaign 6 (Sklik)	62	1,298	4.78	4.5	3
total	351	12,424	3.00	4.8	50

Source: Custom processing

The total number of conversions was 677 (AdWords) and 50 (Sklik). It means that the people were active and showed their interest. In addition, the campaigns led to many assisted conversions and transactions. For example, Shopping campaign (AdWords) helped with another 232 conversions. Assisted conversion mean that a campaign appeared on the conversion path, but it was not the last interaction, which led to conversion. On the picture 16, there are shown conversions paths, which contributed to conversions.

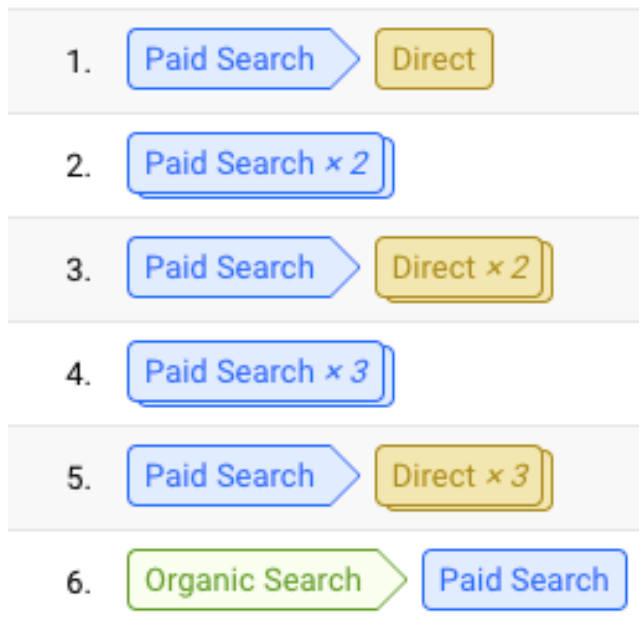


Fig. 16 Conversion paths

Source: Google Analytics (custom processing)

Now, I would like to evaluate the efficiency of the investment into the PPC campaigns and demonstrate profitability of my activities. Therefore, I use ROI, the indicator of the return on investment. The data in Table 8 are adjusted by a constant, as the data represents very sensitive information of the company. This is the B2C sector and the main target of the campaign is transaction. I used data from Google analytics to calculate revenues.

The costs include:

- the cost of creating campaigns
- the costs of managing and controlling the campaigns
- the cost of credit

Tab. 8 Financial summary

	Transactions	Average CPC (CZK)	Cost for campaigns /credit (CZK)	Total cost (CZK)	Total revenues (CZK)	Net profit/loss (CZK)	ROI (%)
AdWords	600	31	74,153	82,373	477,335	108,561	132
Sklik	31	19	7,768	11,878	8,952	-8,297	-

Source: Custom processing

$$\text{ROI (AdWords)} = \frac{(\text{total revenues} * \text{margin}) - \text{total costs}}{\text{total costs}} * 100 (\%)$$

$$\text{ROI (AdWords)} = \frac{(477,335 * 0.40) - 82,373}{82,373} * 100 (\%)$$

$$\text{ROI (AdWords)} = 132 \%$$

The return on investment for Google AdWords was over 100%. In this case, it means that for each invested crown, Sportinator.cz earned 1.3 Czech crowns. Sportinator.cz generated profit from the campaigns mentioned in this bachelor thesis.

On the other hand, the campaigns from Sklik showed a loss of – 8,297 CZK. In spite of this loss, PPC campaigns were the main engine of purchases, pushing the potential customers who were active on the website and often assisting with conversions. Conversion paths usually composed of many sources. The customer often returned to the website and then the final conversion or transaction was generated.

3.6 Findings and recommendations

Online marketing is specific industry and in many ways differs from an environment without the Internet. Online advertising has a very dynamic character and I would like to summarize my experience and findings for the Sportinator.cz company.

1. Website

It has turned out that the website of a company that operates on the Internet must have certain attributes that make online shopping smooth and easy. We live in a world where time is such an important commodity, which means that speed and fluency are the keys for a website. Responsive websites are the foundation of success. With the concept of the responsive website, I mean the website's ability to adapt to each display device such as notebooks, mobile phones, or tablets. Websites are displayed on each device in a very good and clear manner. Especially for mobile phones, the responsiveness is essential. As I mentioned in the previous chapter, the conversion path is often composed of many steps and the initial acquaintance with the page (scanning) is often happening through mobile phones. Sportinator.cz is not an exception with 60 % of all visitors coming from the mobile phone. Clarity and structure are also important factors that a web page should include. Table 7 shows that the average user visits nearly 6 pages (AdWords) and 5 pages (data from Sklik). Sportinator.cz has a really clear and structured website, which is highly appreciated by its users.

2. Competitive advantages in advertisements

It is extremely effective to inform users immediately why it is better to choose Sportinator.cz than the others. For example, when I used the slogan: Buy one T-shirt and get another one for free only for today. The advertisements have better results. Despite the fact that creating banners is not a marketer's job, it is important to highlight the importance of the push-to-action button or notice. My advertisements showed that banners with this kind of notice had more clicks. Call to action such as buy today, the number of the pieces is limited, had the best results.

3. Measurability and accuracy of the goals

It turns out that the correct setting of the web analytics is crucial for the evaluation of all the data. It is possible to measure and see how the visitor behaves on the website, for example, how many pages were visited, what was the time spent on the single page, and especially, for the measurement of conversions and transactions. From this point of view, it is needful to define goals as precisely as possible. At the beginning of the practical part, I stated that one of the goals is to raise brand awareness, yet this target is difficult to measure. However, I may know the number

of people who visited the site, but I do not get exact information about how this brand awareness was built with this input, or there is no direct proportion between quantity and quality. But based on conversions, I can estimate the qualitative consequences.

4. Regular check of campaigns

It is indispensable to monitor the results and settings of the campaign and respond flexibly to changes in the behaviour of customers or competitors. Competition may change a strategy and bidding, and it will suddenly increase or decrease cost per click. It is also important to track what keywords led to a click, and flexibly adjust a bid. If a keyword had a lot of clicks and no conversions, it's definitely good to exclude that keyword, but it always depends on the campaigns. In the display network, checking the pages where your ads are most shown has the same principle.

Conclusion

The aim of the bachelor thesis was to characterize online advertising with a focus on PPC systems and demonstrate its usage for the Sportinator.cz company. These outcomes can help experienced marketers or beginners who want to get started with online advertising and improve their online advertising. In today's online world, to be competitive enough, it is relevant to start with online marketing. Therefore, this company chose online advertising as a major marketing activity without any offline advertisements, which may seem risky, but in my opinion it is a reasonable choice. There are several reasons, but the measurement of results is considered as one of the main advantages. It can be clearly seen how many people clicked on an advertisement, and then how they behaved on the website.

I have demonstrated a few campaigns with the countless advertisements in search engines. The results showed that the target group is primarily on Google. The shopping campaign on Google proved to be the most efficient, which was not surprising for the e-shop. The potential customer immediately gets a quick overview about a product and its prices compared to competitors. In the future, it is necessary to carefully observe and exploit the maximum potential, which the shopping campaign offers. On the other hand, on Seznam, certain results have been achieved despite not so positive numbers and an overall loss, but I think it is a very good advertising space that contributes to building the brand awareness. With a bit of time, campaigns can be optimized and targeted very precisely.

Sportinator.cz uses marketing on social media, which cannot be omitted. Facebook has become the strongest social network with more than 2 million users in the Czech Republic. I am convinced that it is very useful to advertise the products on multiple channels and find out the results.

At the end of the practice I mentioned the recommendations and findings. I would like to highlight two of them. The first one is regular check of the campaigns and flexible reaction to changes in customer and competitor behaviour. Moreover, changes and developments in general are much faster in online marketing, and therefore the updates are released very often. It is fundamental to adapt it and be in the picture. This is the way how to make the campaign fully effective. Clear and well-structured websites is the second absolutely essential factor. The website is

considered as a gateway for online shopping. The website must be able to adapt to every device. For the Sportinator.cz company, almost 60 % of the visitors use mobile devices. It is definitely not a negligible number.

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ANOTAČNÍ ZÁZNAM

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ANNOTATION

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