FEATURES OF THE USE OF "GOOGLE ADS" BY SMALL AND MEDIUM BUSINESSES

Oсобливості використання "Google Ads" суб’єктами малоого та середнього бізнесу

Galyna V. Kozyska, PhD in Economics, Associate Professor
National University "Zaporizhzhya Polytechnic", Zaporizhzhya, Ukraine

Email: kalina@zntu.edu.ua
Received 11.05.2019

The fast development of information technology in general, and the Internet in particular, has led to global changes that have affected all spheres of human life. The Internet contributes to the formation of an information society, becoming a way of communication and, thus, changing the business philosophy. The Internet advertising market is constantly expanding because of its accessibility and rapid adaptation to the actual needs of the society, which results in a significant increase in the number of advertisers and grow of advertising budgets.

The Internet today is the only channel of mass communication, the audience of which increases year after year by all parameters in Ukraine and the whole world, what determines the importance of investigation of the use of certain technologies and tools of Internet advertising by separate representatives of the business environment.

Analysis of recent research and publications

Increased The work of famous domestic and foreign scientists, including I.O. Bashynska [1], Y.V. Belikova [2-3], S.M. Ilyashenko [4-5], I.A. Kinash [6], B. Aronson [7], P. Danaher [8], S. McCoy, A. Everard [9], are devoted to the study of issues of theoretical understanding and the practical use of Internet advertising. However, despite considerable scientific progress, those works mainly includes a concise overview and description of advertising mechanisms, and does not highlight the peculiarities of Internet advertising campaigns by entrepreneurs, who represent small and medium businesses of Ukraine.

The aim of the article is to highlight the peculiarities of the use and to systematize advantages and disadvantages of the PPC advertising network called "Google Ads" (a product owned by "Google Inc.") in the context of the needs of small and medium-sized businesses of Ukraine.

The main part

Small and medium enterprises play an important role in the market economy of Ukraine, because they oppose monopolies and serve as an economic factor...
Features of the use of "Google Ads" by small and medium businesses

contributing to the development of a competitive environment. The main criteria for assigning an enterprise to small or medium category under the current legislation of Ukraine is the volume of its turnover and the number of employees of economic entities in the enlarged groups of industries.

In both transitional and developed economies, small and medium-sized businesses are characterized by the presence of certain features that make these businesses unique in terms of their activities and development, namely:

— high sensitivity of sector entities to unfavorable economic factors (inflation, cyclical fluctuations, changes in market conditions, etc.);
— limited access to financial and credit resources due to significant instability of the enterprises of the sector;
— significant probability of bankruptcy at the initial stage of existence;
— a short "life cycle" of companies;
— complexity of hiring highly skilled specialists;
— tendency to use the services of one person to perform in various spheres, what reduces their effectiveness and performance;
— imbalance of the experience of the beginner entrepreneur (sufficient experience in technology and insufficient in commerce, personnel management, or vice versa, etc.);
— a significant degree of bankruptcy risk when developing and introducing new products [10].

In the field of advertising activities, small and medium-sized businesses are unique for its:

— limited advertising budgets;
— willing to save on promotional materials creation;
— limited possibilities of attracting qualified personnel or applying for services to advertising agencies. At the same time, in large companies PPC campaigns are often carried out by professionals with professional education and more than 2 years of experience in marketing, or by third-party specialized advertising agencies;
— That explains, why small and medium-sized businesses prefer to use dynamic ads that are created automatically from text and image files in JPG format uploaded by an advertiser from a site or a device when setting up a Display campaign. At the same time, for a big business, the priority is to use all available marketing potential, which requires the participation of highly skilled specialists. As a result, these companies are more likely to use animated ZIP ads that allows branded, unique designs and animated effects to be used.
— focus on one or two key channels of promotion for attracting new customers or refusing advertising in general;
— small and medium-sized businesses are most often targeted to show ads to users who have already shown interest in a specific product or service, that means, their advertising campaigns are focused on the category of people who are closer to a purchase in the sales funnel. Big "players" of the market, as a rule, pay attention to all segments: those who potentially can be interested in a product or service; those who are interested in a certain category of goods or services; those who are interested in a particular product or service of a particular brand, but also in people, who have already made a purchase;
— low level of attention to branding of the company. This is due to the fact that "branding" advertising needs a significant budget and usually does not directly increase sales. At the same time, large companies can spend up to 90% of their advertising budget to support their own brand. In practice, this means more active use of Display network advertising campaigns, ads on YouTube and Gmail.

This is why the use of online advertising by small and medium-sized businesses for the promotion of their own goods and services is highly topical. A trend of unbridled growth of the Internet advertising market in the period between 2011 and 2018 and an increase in the share of expenses on online advertising in the structure of world marketing budgets in 2018 up to 37% confirms abovementioned thesis (fig. 1) [11].

Fig. 1. The share of online advertising spends in the structure of global marketing budget

Source: compiled by the author on the materials [11,12]
According to the research by "Dentsu Aegis Network" agency, the sales of online advertising amounted to 227 billion dollars in 2018, half of this amount was gained from paid search advertising. "Google" is a leader in the PPC advertising market and controls its share of 80.0% (fig. 2) [11-13].

The largest contribution to the "Google's" profit is driven by the product called "Google Ads" (consists of Google Search and Display networks) – 89%. In particular, the share of profits received from advertising on the search network makes up 72% and content network – 17%[14].

"Google Ads" is a tool created by "Google Inc." that allows customers to run ads on the Internet to attract new clients and increase sales. This advertising mechanism shows the advertisement as a response to a specific user search term in the Google search engine, as well as in the form of graphic or video ad on web pages of Display network that are related to ads targeting. Ads serving is determined by the keywords that advertisers choose and install in Ad group settings. Advertisers also have the option to target specific segments of Internet users to attract the most relevant audience.

"Google Ads" is the most popular online advertising tool in the world nowadays. More than 4 million advertisers promote their products and services with the help of "Ads" [15].

"Google Ads" offers users a wide range of tools for ads creation and continually adds new features so that every business has the opportunity to reach its goals.

In order to start using "Google Ads", small and medium-sized businesses need to create an advertising account, which will then be supplemented with advertising campaigns with different variations of settings and targeting. The structure of the promotional account is presented in fig. 3.

Advertisers can create promotional campaigns of two major types: search and display.

Ads created in search campaigns are only shown in search results according to user's queries. The search engine uses text ads that can be enhanced by links to specific site pages (sitelinks), brief structured descriptions (structured shippets), phone numbers, location, user rating, and more. Since January 2017, "Google Ads" has completed a full transition from standard text ads to extended ones. Therefore, a text ad now consists of two headers, 30 characters long, and a description line, 80 characters long, instead of one headline and two descriptions.

Ads created in display campaigns are shown on sites owned by Google partner's contextual display network. "Google Ads" selects on which sites to show ads based on:

— the keyword list that the advertiser declares;
— the topics that he or she indicates as relevant;
— or other targeting settings.

Advertisers can create promotional campaigns of two major types: search and display.

Ads created in search campaigns are only shown in search results according to user's queries. The search engine uses text ads that can be enhanced by links to specific site pages (sitelinks), brief structured descriptions (structured shippets), phone numbers, location, user rating, and more. Since January 2017, "Google Ads" has completed a full transition from standard text ads to extended ones. Therefore, a text ad now consists of two headers, 30 characters long, and a description line, 80 characters long, instead of one headline and two descriptions.

Ads created in display campaigns are shown on sites owned by Google partner's contextual display network. "Google Ads" selects on which sites to show ads based on:

— the keyword list that the advertiser declares;
— the topics that he or she indicates as relevant;
— or other targeting settings.

Microsoft
7%

Yahoo
2%

Amazon
1%

Verizon
1%

IAC
1%

Other
1%

Google
80%

Fig. 2. Search advertising market structure by revenue, 2018
Source: compiled by the author on the materials [13]
Taking into account the specifics of small and medium-sized businesses functioning, the use of the "Google Ads" mechanism gives advertisers following benefits:

1. A wide range of options to target a specific segment of audience.
   The AdWords feature allows advertisers to choose worldwide geographic targeting, as well as certain radius around their business location. People that are using different languages, devices, have social and demographic characteristics (age, gender, marital status), etc can be chosen to target on. It makes "Google Ads" a universal tool for any type of business – international or local, offline or online.

2. Flexibility in adjusting the cost of a click.
   Advertiser is charged only when a click is done. If in the results of the campaign, the cost of clicks seems too high for an entrepreneur, it can be reduced by reducing a bid on a keyword, ad group or at campaign level. However, in this case the advertiser should keep in mind, that he or she can lose position in paid results, as it can be won by competitors with higher AdRank.

3. Flexibility of the budget. One of the main benefits of "Google Ads" for beginners is that it does not have the required minimum budget. An advertiser can launch advertising campaigns even with a daily budget of several hryvnias. "Google Ads" provides the ability to: set a daily budget, manage budgets online, disable or activate campaigns in a couple of clicks.

4. Performance reports for advertising campaigns are generated online automatically.
   "Google Ads" provides advertisers with instant access to impressions, clicks, conversions, etc. In some cases, it takes up to 12 hours to process the data, according to "Google Ads" Technical Support. This means that users have the ability to monitor the results of new campaigns, games or online ads in real-time; react quickly to the statistics received to make the most of their advertising budget.

5. A positive feature that also allows advertisers to maximize the effectiveness of an advertising campaign, even with limited budget, is the ability to make changes at virtually every level of the campaign to all its elements. Advertiser has the ability to: stop ineffective campaigns, or manage their budgets; enable, disable, or add new keywords; edit ads at any time; add negative keywords, manage audiences (add or exclude groups based on specific attributes - age, gender, interests, etc., previewing statistics of volumes of these audiences); manage pay per click on certain placements or exclude them; choose the most profitable time of day or week to display ads.

6. No need to apply to the services of the agency, because there is a lot of an opportunity to study the rules of campaigns management independently. Advertiser can reach to the Google Ads Academy or Ads Support articles, which provides information on each stage of the launch of the campaign and all existing tools. In case of a specific question, clarification can be obtained from Google's support managers or the advertiser’s forum. "Google Ads" will also analyze account’s performance and offer possible options for its development and optimization during its advertising campaign.

7. Ability to quickly launch new ads.
   Creating ad campaigns in "Google Ads" does not take much time. An advertiser needs to specify the campaign name, its targeting, and add ads. "Google Ads" review all ads shortly before they start serving. Maximum ad review time is one business day.

8. "Google" actively encourages users to influence the development of products process, taking into account their ideas and experience when creating new services or updating existing ones. However, "Google Ads" also has some disadvantages, including:
   1. There is nosystem of discounts.
   2. The cost of a click in some industries is very high, due to the active rivalry of market leaders. This complicates the entry of new advertisers, especially small and medium-sized businesses, into this media space.
   3. A widespread ad network functionality may make it difficult for beginners to use the service, and therefore there is a high likelihood of losing your startup budget due to a lack of understanding of the specifics of working with the network.
### Table 1. Characteristics of "Google Ads" Tools Recommended for Use by Small and Medium Business

<table>
<thead>
<tr>
<th>Business category</th>
<th>Business characteristics</th>
<th>&quot;Google Ads&quot; tools, recommended for use</th>
</tr>
</thead>
</table>
| 1. Local business | A business that has a physical address and provides services for a particular region, or any other one that is interested in a local audience. | 1. Targeting on a specific location. It can be a city, a geographically defined area on the map, or people located within a certain radius around a particular enterprise.  
2. Ad extension which allows to make a phone call.  
3. Location ad extension, where advertisers may mark a business on the map. |
| 2. Online shop | The business that receives the order mainly through the Internet, which holds a site that consists of many pages and contains a large number of products. | 1. DSA Campaigns. Dynamic search ads campaigns are relevant to those advertisers who place a large number of products on their site. The system allows them not to create separate ads for each query and add it automatically.  
2. Remarketing. By installing a remarketing code on the site, advertiser has the ability to create lists of people who visited a site but did not make a purchase. Afterwards advertiser may use the list to display their store ads to potential buyers when they view sites that are part of the display network.  
3. Dynamic remarketing is a more complex remarketing model and involves setting up a code on the page for each product. Afterwards, the advertisement of this product is shown to users.  
4. "Shopping"ads. Provides a visual representation of the product (photo along with description and price) on the search page, in case when user's search query is the word that characterize this product. This feature is not yet available for Ukrainian advertisers.  
5. In-market audience targeting on the Display network. This is shown to users who are actively monitoring a specific topic recently. This means that they are more likely to be interested in a purchase. |
| 3. Information-oriented site | Website in blog or news portal format. | 1. Call-out extension – a brief description of what can be found on the site and its characteristics.  
2. Site links – are links which lead to specific sections of the site directly from the ad (for example, to the feedback page or business news).  
3. Affinity audience targeting on Display Network – allows advertisers to display ads to users who are interested in a particular topic over a long period of time.  
4. Keywords targeting in Display network – allows users to show ads on pages of sites that contain the keywords that will be specified in ad group targeting. |
| 4. Companies at a "Marketing entrance stage" | Brands that are just entering the market. The main goal is to inform the audience, increase brand awareness. | 1. TrueView In-Stream ads appear before, after and during video playback on YouTube, as well as on sites and games which are connected to Display network in accordance with targeting settings. Users can target specific interests, channels, or even specific videos.  
2. "TrueView Video Discovery"ads are displayed to users when they search and browse the content. The appearance of such ads depends on the sizes and formats that are supported on the publisher's websites. If a user clicks on the "video" icon, it will appear on the channel page or on the YouTube watch page.  
3. Bumper ads—These are short videos that allow advertisers to reach a larger audience and enhance brand awareness. This ad lasts for a maximum of 6 seconds and users cannot skip it.  
4. When using any type of ad, it is recommended that advertisers use the "pay-per-thousand-impressions" bid strategy if their main goal is the maximum audience reach.  
5. To target interested-based audience in Display network or to use a demographic targeting – that will be the broadest targeting option. Therefore, in this case, it is recommended to set an impressions limit on the number of ad impressions per user. |
| 5. Mobile applications | A business that is interested in promoting applications to increase the numbers of downloads, discoveries, actions within applications. | 1. "Universal app campaign" is a type of campaign specifically designed to promote mobile apps. Advertiser can add text, image, and video ads in one campaign, and specify the goal, such as increasing the number of app downloads or actions within the application. System automatically generates ads and shows them to the target audience.  
2. App-download campaign. Campaign’ ads contain a click-to-download button, which allows the user to navigate to the relevant page. |
| 6. Types of business that require special customer confidence | Types of business, goods or services that are subject to prior selection. | Personalized advertising in Gmail – advertisers can target demographics, geography, interests, or email lists of their former clients. |

*Source: own elaboration*
To determine the peculiarities of using "Google Ads" by individual small and medium-sized businesses, the latter were conventionally subdivided into subgroups, depending on the category of enterprise, and the characteristics of the recommended advertising campaign tools is provided in tab. 1.

**Conclusions**

The study made it possible to determine the peculiarities of the activities of small and medium-sized businesses in the field of advertising, in particular: the low level of attention to branding, limitations of an advertising budget, limitation of the ability to attract qualified personnel, concentration of attention on one or two key advertising channels, etc. Reviewing the features and systematization of the advantages and disadvantages of the "Google Ads" advertising network allowed us to formulate recommendations for the use of "Google Ads" tools by small and medium-sized businesses, depending on the category (format) of their businesses, their goals, and other factors.

**Abstract**

The Internet today is the only channel of mass communication, which audience increases year after year by all parameters, both in Ukraine and worldwide, what makes it topical, to study the peculiarities of the use of certain Internet advertising tools and technologies by business representatives.

The purpose of the article is to highlight the peculiarities of the use of the pay-per-click ad network, called "Google Ads" (a product owned by Google) and to systematize its advantages and disadvantages in the context of the needs of small and medium businesses.

Results of the conducted research. The peculiarities of activity and development of small and medium businesses in transitional and developed economies were considered. It was determined that unique features of advertising activities of these business type representatives are, among other things, the limitation of advertising budgets, willing to save on promotional materials, limited ability to attract qualified personnel and limitation of promotional activities with one or two key channels of new client’s attraction.

This is precisely what cause the relevance and high popularity of online advertising, as a promotional activity for products or services, among small and medium-sized businesses, and explains why the volume of this advertising has been steadily increasing in recent years.

The article describes the Google Ads online advertising technology created by Google Inc., which allows users to run ads on Search and Display Networks and pay only for clicks they receive.

The Google Ads promotional account consists of campaigns that include ad groups filled with keywords and text or image ads. The type of ad depends on the type of campaign: search, display, app-campaign, etc.

Text ads are a part of search campaigns and appear in Google search results. They are composed of two headings, a description line and can be supplemented with the following extensions: sitelinks, callouts, structure snippets, phone number, location, user reviews, and more.

User can create image ads in Display campaigns in one of supported formats: JPG, GIF, ZIP or a dynamic text ad, which can be created by uploading the main image and logo from site or computer and adding a few text-lines to them.

Taking into account the specifics of small and medium-sized businesses functioning, the article outlines the benefits that they can derive from the use of Google Ads technology. In particular, this is a wide range of demographical, geographic and other targeting options; the ability to quickly launch new ads and make changes at almost every level of the campaign settings; flexibility of advertising budget and clicks cost; the ability to monitor the results of advertising campaigns, keywords and ads online and quickly manage performance according to received statistics; technical support service available. However, this technology also has some disadvantages: the lack of a discount system, high cost per click for industries with high competition and interface that may seem difficult for beginners.

In the article the features of the use of the Google Ads functionality by small and medium-sized businesses were highlighted for the first time. Some of them are a low attention to brand promotion tasks, aim to reach only highly targeted audience, using those formats of display ads which are easier to create, and attracting marketing specialists with lower, in comparison with large companies, qualification.

Recommendations to the use of the Google Ads toolkit by small and medium-sized businesses, depending on category of their activities, were provided by authors and it identify the practical value of this work.

Prospects for further research. The results will be the basis for developing methodological tools for the evaluation of the effectiveness of using certain Google Ads tools by small and medium-sized businesses.

**Список літератури:**


15. "Google’s share of the search ad market is expected to grow".[Електронний ресурс].–Режим доступу: https://www.recode.net/2017/3/14/14890122/google-search-ad-market-share-growth.

References:


