

How uBid lowered the cost of acquiring customers.



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Matt Miller
Marketing Analyst



ABOUT GOOGLE ADVERTISING

Google AdWords™ is the world's largest search advertising program, currently used by more than 100,000 businesses to gain new customers cost-effectively. AdWords uses keywords to precisely target ad delivery to web users seeking information about a particular product or service. The program is based on cost-per-click (CPC) pricing, so advertisers only pay when an ad is clicked on. Advertisers can take advantage of an extremely broad distribution network, and choose the level of support and spending appropriate for their business.

For more information, go to
www.google.com/ads

Now the second-largest online auction site, uBid was founded in 1997 to help a computer retailer move excess and refurbished inventory. Since then, the Chicago-based company has gained 4 million registered users who complete more than 3,000 transactions per day. uBid's auctions and electronics superstore feature more than 12,000 brand name products from companies like Compaq, Hewlett Packard, Toshiba, and Sony. The site's product categories encompass computing, electronics, digital cameras, travel and events, sports and hobbies, jewelry, and several others.

Approach

To stay competitive with other commerce sites, uBid must track and control the cost of acquiring customers. The company's preferred metric is the cost of gaining user registrations. “We are vigilant about keeping our cost per registration down,” says uBid Marketing Analyst Matt Miller. “It's doubly challenging because we use so many different online marketing programs to reach buyers: shopping engines, banner ads, email, and keyword searches.”

Because uBid often works with large product lots direct from manufacturers, its sales team must be able to quickly promote new or slow-moving items on the fly, track the results, and revise offers and messaging as needed. “Keyword search advertising is one of the easiest ways to do that,” notes Miller.

For the last two years, uBid has used Google advertising programs to address these challenges. Although the specifics have been adapted over time to uBid's evolving sales goals and corporate initiatives, the results have consistently been positive.

Results

Miller reports that using Google advertising, uBid's cost per registration has dropped 25 percent over the past six months. “The AdWords program has always given us good performance,” says Miller, “Now we are seeing nearly double our conversion rate – much higher than with banners, for example. The CPC model really works well for us.” uBid has also discovered that Google users buy at a higher rate than others coming to the site, primarily because of Google's ability to facilitate relevance through keyword targeting.

Given uBid's need to monitor sales and make adjustments on the fly, Miller also likes Google AdWords™ features that enable editing keywords, assigning separate URLs by keyword, and changing creative text. “We review traffic and sales weekly, and make changes when we need to,” says Miller. “Google AdWords doesn't just give us a reporting function; it's a valuable interactive tool.”

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Besides Google AdWords’ capabilities, Miller has praise for the Google support team. “They’re always willing to dig into the data with us, to understand our business and help us achieve our goals.” He notes that in order to sell through to customers more effectively – and lower uBid’s overall cost of sales – the Google team created a plan to zero in on AdWords’ bidding and pricing features by keyword, by creative content, and by category.

Google further improved uBid’s ad performance by having its internal creative Maximizer team work to enhance the text in many of the campaigns. “Not only does AdWords have the flexibility to adjust to our goals,” Miller says, “But the Google team always takes the right actions so we can achieve them.”

