

WordStream Research Shows that Small Businesses Waste 25% of their Pay-Per-Click Budget

Search Software Provider Unveils New Infographic Highlighting Biggest Areas Where SMB's Need Improvement in their PPC Strategy

BOSTON—October 08, 2013 – Small businesses have increasingly turned to paid search—particularly, Google’s AdWords program—to drive in-store and online search traffic. However, according to new research unveiled today by [WordStream, Inc.](#), they are wasting nearly 25% of their pay-per-click (PPC) marketing spend due to simple managerial and strategic errors. The search marketing software and services provider found that this efficiency gap results in dozens, if not hundreds, of lost leads and increased costs for small businesses. WordStream reviewed the PPC activities of 500 small and medium-sized business client accounts and found that many businesses are not maximizing the value of their AdWords campaigns because they do not engage in basic PPC best practices such as actively managing their accounts, improving ad relevancy and engaging in mobile optimization.

Key findings from [WordStream’s research and infographic](#) include:

- The typical small business spends \$1,200/month on PPC yet wastes more than 25% of this key investment;
- This 25% inefficiency has tangible costs for businesses. The company found that these missed opportunities can be quantified in a few vertical industries as:
 - 126 lost insurance quotes
 - 367 lost bed and breakfast inquiries
 - 569 lost product sales for retailers
 - 157 lost B2B supplier leads
- Quality Scores are critical to limiting PPC costs. Companies that receive a perfect Quality Score (10) receive a 50% discount on their cost per click (CPC) while companies that receive the lowest score (1) can expect their CPC to increase by 400%;
- Less than half of small business landing pages have conversion tracking installed, preventing those companies from measuring what’s working;
- 95% of small business accounts do not have call extensions set up on all campaigns.

“While it’s not great for SMBs to hear that they are wasting nearly a quarter of their PPC budget, we believe that knowledge is power and the first step to fixing these problems is to know that they exist,” said Larry Kim, founder and chief technology officer of WordStream. “The good news is that each of these problems can be rectified by applying regular attention and relatively minimal time; it’s something even the busiest small business owner can manage. We think this research and infographic will open some eyes and hope it will help SMBs make better choices when putting their hard-earned money behind PPC programs.”

Next week, WordStream will be announcing details around its “[\\$25,000 Marketing Makeover – Grade and Get Paid](#)” contest, where a grand prize winner will receive \$25,000 towards their 2014 Google AdWords budget and a year of [WordStream’s PPC Advisor](#) software and other prizes. Just visit <http://www.wordstream.com/gradeandgetpaid> and use WordStream’s free AdWords Performance Grader to generate a customized AdWords Performance Report that highlights areas within your PPC account that need attention and provides tips on how to restore and repair your paid search campaigns. The grand prize will be awarded to the company that makes the most improvements over the duration of the contest. See site for official rules and eligibility.

About WordStream

[WordStream Inc.](#) provides SEM software and services that help marketers get the maximum results from their PPC and SEO efforts. WordStream's easy-to-use software allows for more effective paid and organic search campaigns by providing the 20-Minute PPC Work Week, a customized workflow that guides marketers through steps that can greatly improve their AdWords campaigns. WordStream’s services deliver quality traffic, clicks and conversions for businesses looking to improve their pay-per-click marketing efforts. WordStream also offers an award-winning free PPC tool, the AdWords Performance Grader, which evaluates users' PPC accounts and provides valuable tips for improvement.

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