

The Evolution of Google AdWords – A \$38 Billion Advertising Platform

Guest Author

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October 23, 2000, will be a date forever remembered by internet marketers around the globe, as this was the birth of the first ever self-serve online advertising platform – Google AdWords. Google has gone on since then to become [a multi-billion-dollar advertising system](#) and the most frequented self-serve advertising platform that exists today. This article is a brief overview of AdWords' journey to arrive where it is today.

2000-2003

After initial testing proved successful in 1999, Google AdWords initially launched in October of the following year, on a pay-per-impression basis and only on the right-hand side of the search results.

Users would sign up on a completely self-serve basis and set how much they were willing to pay per thousand impressions (or times the ad showed); whoever was bidding the most would appear higher up on the page. At this stage there was no mention of [Quality Score](#) and few spam regulations.

By the end of their first year, Google ads had returned over \$70 million, making it an instant success despite being beaten financially by the then pay-per-click (PPC) format of Overture, later acquired by Yahoo.

The competitive nature of Google's chief executives led to a call for pay-per-click ads, but in 2002 Google went one step further, rewarding positions based on relevance as well as higher bids (see the [Google press release](#) at the time). The position an ad would rank in would depend on a score, which factored in both relevancy and the price the advertiser was willing to pay. This meant that the businesses advertising towards the top of the page became trusted with Google users, and as the only form of advertising in the world to be doing this, Google became a favorite among advertisers compared to its rivals.

Later in the year an agreement was reached with AOL, who at the time was a dominant force. The agreement gave users the option to show their ads on Google partner search engines, increasing the reach of the ads.

2005-2008

In 2005, Google built on its adverts in search results and added site targeted ads (the [display network](#)) to its arsenal. AdWords users could leverage the display network to show ads on websites that were signed up for the Google AdSense program.

Choosing which domains or keywords they would link their ads with and bidding only on a CPM (cost per thousand impressions) basis, many advertisers at the time took up the opportunity to use animated GIF files and show moving images.

In the same year, conversion tracking was added, meaning advertisers could finally track which keywords, ads and campaigns were leading to inquiries and sales. The most recent version of the Google keyword tool was also released, meaning that people could research the impressions and competition of particular keywords.

In 2008 Google struck a deal with Double Click, which changed the face of display ads and allowed advertisers to show much more relevant and advanced display ads across the Google network.

2008 – Now

Despite a regular increase in customers and extensive marketing campaigns, we still see many new features added in to our AdWords campaigns, such as the recently added Insights for Auction (2012); call conversions, whereby users can track who has telephoned them (2011); and keyword variation options (2012).

We are gradually seeing the introduction of different [ad extensions](#) and site links whereby users can bulk their ads up by showing their address, links to alternative pages, their products, their ratings across Google's trusted review sites and telephone number extensions.

What Was the Best Year for Google AdWords?

The fact is, it has never been so competitive or expensive to advertise on AdWords. However, on the flip side, Google has improved the AdWords service to increase targeting and has added more flexible settings, ad extensions and better tracking. On top of that Google have fought to make the sponsored listings trusted, keeping click-through rates high via their Quality Score control, terms and conditions and fantastic work in controlling spam.

So here is a question to all the advertisers who have been on this ride from the very start ... which year do you feel AdWords advertising yielded the best profits?

by Thomas Bagshaw, who has been advertising businesses online for the past 12 years and now specializes in AdWords Management with his company The Search Marketing Shop, who are Google Certified Partners. He has an enormous thirst for knowledge regarding PPC, SEO and lead generation and is dedicated to getting large returns on his clients initial investment.



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