



Stanford eCorner

ROI on Advertising Models Online

Larry Page, *Google*; Eric Schmidt, *Google*

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Video URL: <http://ecorner.stanford.edu/videos/1092/ROI-on-Advertising-Models-Online>

Google's advertising model has been extremely successful, says CEO Eric Schmidt and co-founder Larry Page. Google has invested in technology to better target ads - and they've found that targeting ads well is in fact comparable to targeting search results.



Transcript

Our ads work really well. We've generally invested more in technology for how to target the ads well. And it turns out targeting ads well is like targeting results well. It's not always clear which ideas you should be running and how to target it and which people will be interested in it? And so a lot of the same technology for searching apply to the advertisements and that turns to help us with our advertiser value. We have a much higher click through rate than the industry averages for the reasons that Larry describe. And our customers have proprietary metrics that they use for what they call conversion where they convert and advertiser to a purchaser and the reason we get such high renewals is that the customers proprietary metric, we are above the bar. They often don't even tell us what the metric is because its such a trade secret within their business. They don't want anyone else to know. But usually, how much they sell? At some level, unlike for example brand advertising, our business is highly, highly measurable. We know exactly if you spent "x" dollars on adds you'll generate "y" dollars in revenue per industry per customer.