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Google Beta Tests Regional AdWords Targeting

By Pamela Parker and Susan Kuchinskas
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Search giant Google is testing a feature for its AdWords program that would allow marketers to target their ads regionally, so they appear only when users in certain areas perform searches.

The feature is designed to make Google more attractive for local and regional advertisers. Previously, a Boston-area attorney who bought the keyword "lawyer" would have to compete with all of the other lawyers in the nation who bid on the same word. Alternatively, he could buy keywords like "Boston lawyer" and hope that a searcher typed in the city name.

"It's going to be a big boon to advertisers who are trying to target certain markets and could only do it by keywords," said Danny Sullivan, editor of SearchEngineWatch.com, which shares a parent company with this publication.

Local search has long been a hot topic for companies providing paid search. Google competitor Overture, a division of Yahoo!(Quote, Chart), has been testing local search, and is expected to release a product within the next couple of months. Google itself last month released "Search By Location" in its Google Labs area, which allows users to segment their searches by location, including address or zip code.

Google's new AdWords feature lets marketers target by Designated Market Areas (DMAs), Nielsen Media Research's method of determining the geographic scope of markets based on broadcast television stations' reach. There are currently 210 DMAs in the United States. Regional targeting options appear as part of the campaign management interface.

"It's an incredibly powerful tool for local and regional advertisers," says Kevin Lee, CEO of search marketing agency Did-it.com. "It also could be used by national advertisers

looking to message locally, speaking differently to different audiences."

What ads searchers get at Google is determined by their IP address, which is mapped to the appropriate DMA. Google hasn't said whether it's developed the technology to map IP addresses to DMAs by itself or is using a partner, but most approaching the issue use a combination of methods, looking at the ISP or company assigned the IP, the network delay, and routes for Internet traffic. It isn't a foolproof system.

"I know for a fact from living abroad that sometimes they [Google] think I'm in Germany," says Sullivan. "But those are fairly rare problems."

When Google can't determine where a searcher is, it will serve national advertisements, as it has done in the past. It will also continue to serve national ads on partner sites like America Online. Currently, only Google.com will carry the regionally-targeted ads, which will be displayed with a fifth line of text indicating the chosen region.

Regionally targeted ads are not given preference in the AdWords system, says product manager Richard Holden. They still have to compete for placement based on relevancy and price-per-click. "So any auction may have a mix of national and regional ads," he said.

The biggest difference for regionally-targeted advertisers will likely be in the impressions their ads receive. Regionally-targeted ads will probably receive significantly fewer overall impressions, Holden says, but, "It delivers more clicks because it's a regionally specific offer, and it will deliver more relevant leads."

For example, without regional targeting, Lee says, "If I'm a New York lawyer, I buy the generic keyword 'lawyer', and my headline says 'New York Lawyer,' no one who's not in New York will click on it, so I'll be penalized for relevancy." In other words, because the ad receives few clicks, the ad will receive lower placement in Google's ranking system.

With regional targeting, Lee said, even those New Yorkers who searched for the generic term "lawyer" might be more likely to click on an ad that said "New York lawyer" than on another that doesn't have a specific local message. "That 'New York Lawyer' ad would never have won in a national bidding war," Lee said, "but in a regional war it might do better."

Whether that proves true remains to be seen, but Lee said, "This gives regional advertisers the potential to compete against national advertisers, because they can target their messages better."

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