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**How Smart Pricing Effects AdSense (TM) Publisher Revenues**

**By Dave Lavinsky**

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I constantly receive phone calls from clients, prospective clients and reporters asking the same question - what percent of the keyword price does Google pay AdSense (TM) publishers. While the AdSense Standard Terms and Conditions explicitly forbid disclosing such information, the range I often give is 20% to 50% based on numerous conversations I have had with AdSense publishers.

While the precise percentage is not clear, what is evident is that the percentage that Google pays publishers has gone down significantly since April 2004. It was at this time that Google announced it would be lowering the price of ads (i.e., charging AdWords(TM) clients less) that appear on the sites of AdSense publishers. Susan Wojcicki, Director of Product Management for Google, stated that this change came from requests of advertisers who wanted different pricing on clicks from search and content ads.

Google stated that it considered search-based ads more targeted than content ads, and that they therefore generated more clicks and revenue for advertisers. However, Google did realize that some content ads perform as well as search-based ads. As a result, "Smart Pricing" was born.

Smart Pricing adjusts the value of clicks based on a number of factors such as time of day, type of content, and conversion tracking. The latter, conversion tracking, measures how often a click on an ad produces a desired action for the advertiser, such as a product sale, newsletter signup, etc. The example Google gave for Smart Pricing was that "a click on an ad for digital cameras on a web page about photography tips may be worth less than a click on the same ad appearing next to a review of digital cameras."

While web forums are filled with AdSense publisher complaints about Smart Pricing, it is actually a fair system - publishers get paid based on the quality of the traffic they provide to Google advertisers.

While the switch to Smart Pricing has decreased revenues for many AdSense publishers, there is still a massive opportunity to generate significant revenues via the AdSense program. The key is to identify valuable/expensive keywords, attract qualified customers to your site, and provide compelling text that

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gets visitors really interested in a product or service. This will ensure that the visitors click on the appropriate AdSense ads and buy that advertiser's product or service. A true win-win-win.

Dave Lavinsky is the President of TopPayingKeywords.com, a firm which tracks and publishes databases of the 15,000+ most expensive PPC keywords.<http://www.toppayingkeywords.com>

### **The Death Of Adsense For Web Publishers**

**By Brian Casey**

For three years tens of thousands of webmasters have been making incomes ranging from a few dollars a month to five figure sums per month - with Google's contextual advertising program -AdSense.

Indeed many Internet Gurus have made substantial profits by telling people how to monetise their website traffic by putting Adsense on it.

Adsense revenues are shared between Google and the Adsense Publisher ... the website owner - up to now a nice cosy and profitable arrangement.

Google has always been cautious about revealing the ratio of payout to the publishers for Adsense clicks compared to the amount that the advertiser pays for the Adwords ... but the feeling among Adsense Publishers is that the percentage has been dropping steadily over the past three years - if you are a number cruncher, you may try to interpret the financial data from Google itself here:

In the past there was one price for Adword keywords, whether they appeared in Google Search results or as Adsense Ads on individual Adsense Publishers websites - that was fine as an Adsense Publisher might get, say \$4 from a click for a \$6 Adword - remember nobody knows exactly because Google will not tell!

Individual websites that publish Adsense are known as Google's content network.

On 22 November 2005 Google made a change to their Adwords advertising program – they allowed advertisers to bid different amounts for the Ads that would appear in Google Search results and for the Ads that would appear on individual Adsense Publishers websites.

So an advertiser might bid \$5 for a click from Google and 5 cent for a click from an Adsense Publisher in the content network ... Ouch if you happen to be that Adsense Publisher!

Is it the end of the road for Adsense Publishers?

Is there life after Adsense?

What can Adsense Publishers do to make up for the drop in revenues?

Is it possible to make much more from your website than you were making with AdSense - maybe this was a blessing in disguise!

Brian Casey is a freelance writer who contributes to various websites and publications.



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