



Determining Ad Rank

EDUCATIONAL MATERIALS

Why?

Understanding the algorithm Google uses to determine ad rank (which position your ad shows up at) is a function of your **maximum bid** and your **quality score**.

$$\text{AD RANK} = \text{CPC BID} \times \text{QUALITY SCORE}$$

The best combined **CPC Bid x Quality Score** gets the best position:














This is the maximum bid you specify for your keyword



This is a metric to determine how relevant and useful your ad is to the user (components are CTR, relevance and landing page). The higher your quality score the better.

$$\text{Max Bid} \times \text{Quality Score} = \text{Ad Rank} \rightarrow \text{Position}$$

Advertiser #1	\$2.00 	10 	20	1 
Advertiser #2	\$4.00 	4 	16	2 
Advertiser #3	\$6.00 	2 	12	3 
Advertiser #4	\$8.00 	1 	8	4