



New School Software

Menlo Innovations uses Google AdWords to acquire customers while achieving 22 times its return on investment.

Who they are

- Menlo Innovations
- www.menloinnovations.com
- Ann Arbor, MI
- 50+ employees



What they needed

- To get their business up and running
- To grow their customer base
- To hone their marketing messages
- To measure the return on their advertising investment

What they did

- Started with **Google AdWords** in 2002
- Tested different features and ad formats to best match their advertising goals
- Used clickthrough rates and conversion tracking to measure impact and improve campaigns

What they accomplished

- Strong ROI:** Achieved 22 times return on investment with AdWords; \$45K AdWords investment delivered more than \$1M in revenue
- New customers:** Acquired customers across the country and internationally

In May 2003, Forbes magazine featured a story about Rich Sheridan, an IT executive who traded unemployment for entrepreneurship after the dotcom bubble burst. With more than 20 years in the IT world, Rich championed a fresh new methodology and development model designed to improve software projects. Along with his co-founders, Rich started Menlo Innovations, in Ann Arbor, Michigan, as the vehicle for that model. But though he knew he had uncovered a business niche in his hometown, he was unsure how to market it.

While the Forbes story generated great press and potential leads for his new business, Rich realized that his marketing methods weren't attracting as many customers as he'd hoped. He wanted to highlight the company's "extreme programming" and "High-tech Anthropology®" approach to software design and development and help explain the business to potential customers.

Midwest, midworld

In 2002, after experimenting with several different marketing activities, including media and industry outreach, as well as educational and community events, Rich discovered and decided to try Google AdWords™, an auction-based, online advertising program that enables businesses to advertise on Google and its network of partner websites.

"With AdWords, we now have a constant source of new traffic and customers, and we don't have to rely on clever slogans."

Rich Sheridan, CEO and co-founder, Menlo Innovations

After signing up for an account, Rich built out the keyword lists that would form the core of his campaigns. He chose keywords – words and phrases related to his business – that would trigger his ads. Then he developed ads that clearly communicated the value of Menlo's offerings.

Six years later, with AdWords as its primary Internet marketing program, Menlo is acquiring customers both domestically and internationally, while getting roughly 22 times its return on investment (ROI).

"Our primary use of AdWords is for marketing and awareness," says Rich. "AdWords has helped us land deals outside of our Midwest business area, in places that no other campaign could have reached."

In six years, the company has spent roughly \$45,000 on AdWords campaigns. "I can easily trace \$1,000,000 of revenue directly to AdWords," Rich says, "but I'm guessing that two to three times that number could be traced indirectly to people who heard about us using AdWords and then told friends and family, who, in turn, gave us business."

Measurability mission

In addition to the revenue that AdWords has helped generate, Rich values the

About Google AdWords

Google AdWords™ is a performance-based advertising program that enables businesses large and small to advertise on Google and its network of partner web sites. Hundreds of thousands of businesses worldwide use AdWords for text, image, and video ads priced on a cost-per-click (CPC) and cost-per-impression (CPM) basis. Built on an auction-based system, AdWords is a highly quantifiable and cost-effective way to reach potential customers.

For more information, visit
<http://www.google.com/adwords>

program's measurability and transparency. "The beautiful thing about AdWords compared to traditional marketing and advertising is its measurability," he explains. "You can test messages quickly and frequently, compare the relative results and then embark on a mission of improvement based on real results."

To measure the precise impact of their campaigns, Rich uses the AdWords Report Center to track clickthrough rates (CTR) and conversions for Menlo's keywords and ads. The CTR is the number of clicks an ad receives divided by the number of times the ad is shown in Google Web Search results.

He also uses the free conversion tracking tool to see how many of the site's visitors register or take a solicited action on the Menlo website. "By adding some simple codes to our website, Google automatically tracks these conversions and makes measurement simple and effortless. We can see what ads people click the most and if they convert when they get to our site," Rich says. "Then, if necessary, we can change our keywords to improve the campaigns. These tracking features have been tremendously helpful."

Self reliant

As Menlo continues to develop and promote software solutions, Rich expects AdWords to fuel the company's growth and expand its customer base.

"The world of marketing and advertising is fundamentally different than ten years ago," Rich says. "We know what's on peoples' minds when it's on their minds, because they search for it online. With AdWords, we now have a constant source of new traffic and customers, and we don't have to rely on clever slogans."

