

The Logic of Search: Has it Clicked Yet?

To many online marketers, search seems like the ultimate direct response medium. It allows them to reach people who are actively shopping for a product or service, and marketers rightly believe that if they successfully engage people at this point in the process, they are one step closer to closing the sale. But is there more to search than just converting an active shopper into a purchaser?



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Search is the 800-pound gorilla of online marketing. It received 40 percent of the \$16.9 billion spent online in the United States in 2006, dwarfing the 22 percent allotted to display advertising. Few media, online or off, can match what search offers: the possibility of engaging a prospective customer and leading that prospect through to the point of purchase.

The fact that the results of search are readily captured, tracked and analyzed adds to the appeal of the channel. An entire search engine marketing industry has developed to help advertisers maximize the return on their investment in search. Analysis of metrics such as click-through, qualified leads, and sales confirms that the ROI of search is strong relative to other media. For example, a recent market-mix modeling project conducted by Millward Brown for an online content publisher found that the return generated by search was 15 percent higher than that for display advertising, and more than twice that of either TV or print.

All of this lends credence to the claim that search engine marketing has the most measurable return on investment since direct mail. Who needs creativity? You just need to buy the right word to get an ad in front of a prospect.

Is it Really that Simple?

Not everyone has succumbed to the siren song of search proponents. In an article in the *Financial Times* titled "Google Data Versus Human Nature," Sir Maurice Saatchi suggests that the promise of search is overstated. Saatchi does not dispute the value of search advertising per se, but challenges the belief that the search process is rational enough to readily yield insight by statistical analysis. Alluding to the role played by people's prejudices and preconceptions, he says, "It is an inconvenient and stubborn fact that outside Newton's universe, where physical laws govern reality, the world is conditioned by perception."

Others have expressed the view that search is getting credit that should rightfully go to other marketing channels, which pave the way for search by making a brand attractive to buyers. In discussing the relationship between search and other marketing activities, Nick Nyhan, CEO of Dynamic Logic, referred to this effect when he said, "The bigger battle in search may very well be won before the search is even conducted." To isolate the true ROI of search, one would need to conduct a controlled test to determine the number of people who would have bought a brand regardless of search results. In the absence of such testing, many marketers may end up with an inflated sense of the ROI from search marketing.



To say that perception will influence how people search is not to deny the value of search as a marketing tool. But it does highlight the folly of thinking of search as a silo, separate from the rest of the marketing mix. The effects of search advertising are subject to the influence of other forms of advertising as well as to the needs and predispositions of consumers. Complicating matters further, the relative importance of these factors varies at different points along the path to purchase.

Search Along the Path to Purchase

Research

For people who have just identified the need for a product or service, a search is often the starting point for their exploration of a category. They realize that they need something—a vacation, a camcorder or an IP router—but they know little about the category, so they turn to search to begin to educate themselves.

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During this information-gathering stage of the search process, people will place a premium on links that appear to offer impartial and unbiased information from a credible source. Advertisers who use a one-size-fits-all direct-response advertising strategy run the risk of being rejected at this stage. Others who present factual and useful information stand a better chance of being considered later on.

Comparison

A person who has an understanding of a category and the types of products or services within it may use search to compare features and pricing of various brands. When they are confident about the decision criteria they care about, people are willing to entertain information from less than impartial sources, such as brand Web sites. In all search applications, but particularly during comparison shopping, people are likely to be influenced by brand name recognition—the stronger the immediate feelings evoked by a brand name and the accompanying description, the more likely people will be to click on a link.

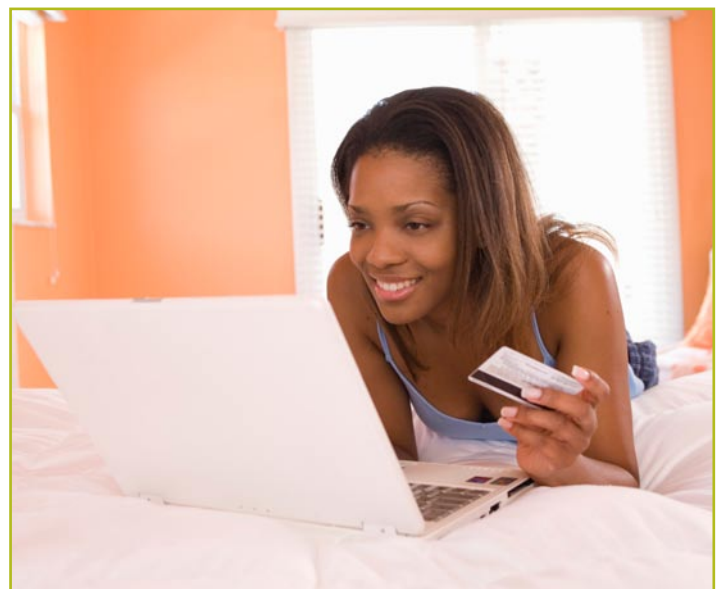
Purchasing

As the path to purchase nears its destination, consumers use search to help sort out the logistics of buying—to identify where they can buy a brand and at what

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price. When features and benefits are comparable across a number of options, factors like location, price and warranty are likely to determine the outcome. But people are less likely to use a search engine to actually make a transaction than to research one. Most purchases are still made offline. Research conducted at the end of 2005 by comScore on behalf of Google found that among the 25 percent of consumers who made a purchase within three months of an online search, 63 percent made that purchase at a bricks-and-mortar retailer. The offline purchase percentages were even higher for products like consumer electronics, toys, and video games, which could be obtained from big box retailers like Wal*Mart, Toys “Я” Us and Circuit City.

As described, the search process sounds like a very rational optimization process, but few people pursue their searches in an orderly, disciplined fashion, giving each link equal consideration on its merits. In this respect, online search is no different from old-fashioned methods of researching a purchase, such as looking





in the Yellow Pages or consulting with friends. Some people are happy to act when they find the first acceptable option while others put together a short list of possibilities, but rarely will someone follow up on every available lead.

The fact is that most people barely glance at their search results before selecting a link for further exploration. As Saatchi suggests, the way in which people respond to search results is subject to preconceived ideas and associations, which are influenced in turn by all forms of marketing communication, online or off. Thus other forms of advertising, far removed from an online search, can play a crucial role in determining how search results are processed and interpreted.

Marketing Influences On Search

Think about the point before a search has been conducted, before a consumer has even thought about conducting a search. Until someone feels a need for a particular type of product, any advertising or news about that product category is likely to be received passively. But even advertising and word of mouth that are not immediately relevant can seed ideas and impressions that may influence subsequent interactions with a category, including the way a search is carried out. Advertising may even spark the realization of need;

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we often observe a strong correlation between the timing of broadcast advertising and the volume of specific searches. For example, because they reach most consumers on a day of leisure, Sunday supplements can produce spikes in search volume, particularly for new products, or products making a new claim. The better-branded and more compelling the impression, the more likely people will be to search on the specific brand name and proceed directly from the search page to the brand's Web site.

Consumers continue to be susceptible to the influences of marketing communication as they use search at various stages of shopping. For example, the early information-gathering stage, though it may be distant



from the eventual purchase, offers advertisers a valuable opportunity to make contact with a shopper. Search mavens may not realize it, but this may be the most valuable opportunity presented by search. Data from Millward Brown's D&A™ studies show that search actually has more influence on creating demand for a brand than it does on activating a purchase. A survey of U.S. car purchasers revealed that the impact of search on brand consideration was more than three times greater than its influence on the active shopping process.

Furthermore, even though a consumer may be looking for objective information at this point, marketing communication can play a role in shaping how this "objective" information is perceived. As far back as 1984, work by John Deighton at the University of Chicago demonstrated the interaction between advertising and the judgment of objective information. Deighton compared the way two groups of people interpreted data from *Consumer Reports* on the reliability of 16 different vehicles. He found that people in the test group, who were exposed to Ford's print advertising campaign "Quality Is Job 1," were more likely to conclude that Ford was reliable than were those in the control group. The independent data served to bolster the credibility of the claim. So by shaping the type of information that is judged important, brand marketers can gain competitive advantage during the search process.

Search has even been shown to have an advertising effect in its own right by building saliency for a brand



name. A 2004 study by the Internet Advertising Bureau measured the impact of sponsored listings in six diverse industries and found that brands that occupied the first position in search results were 27 percent more likely to be named by respondents.

Maximizing the Impact of Search Marketing

So what should marketers do to maximize the impact of their search marketing? Here are three suggestions.

Avoid the hard sell

The active engagement of consumers with the search process is both a blessing and a curse. Key words allow marketers to accurately target messaging to people, but woe betide the brand that provides irrelevant information or an untimely sales pitch. While their judgment may be subject to preconceptions, people like to think they are rational and independent, and will reject obvious attempts to influence their decisions.

Choose the right tool for the job

Particularly for considered purchases, whether B2C or B2B, search is an important addition to the marketer's toolbox. But different tools are needed for different jobs. We cannot assume that a search strategy that bundles together all possible keywords to direct any and all searchers to your Web site will be effective. By understanding how people use search in your category—for example, what types of search terms they use in the exploratory phase versus the comparison phase—you can tailor your approach to provide the most relevant and appropriate links for each type of search.

Integrate search into your marketing program

Do not think of search engine marketing as a separate discipline from other forms of advertising and PR. Rather, think about using those traditional channels to frame the context in which people will conduct their search. For example, provide journalists and experts with information on the needs your brand can satisfy; any positive publicity generated will be particularly important to consumers during the initial search stages. Use broadcast advertising to establish the brand perceptions you want consumers to have in mind when they are considering a purchase in your category, and think about ways to trigger those memories and perceptions during

the search process. Conduct pretesting to understand which words people are likely to search on once they have seen your offline advertising and buy keywords accordingly in order to maximize the overall effectiveness of your campaign.

Conclusion

In earlier Internet days, search was mainly used to drive traffic to ad-supported portals and Web sites. Since then, the role of search has expanded and the measures of success have become more sophisticated. Yet search continues to be treated as a direct-response medium. If marketers are to realize the full value of search, they now need to embrace it in a more holistic way and recognize that its obvious merits are not divorced from the rest of the marketing program.

Search Engine Marketing

U.S. marketers spent \$9.4 billion on search engine marketing in 2006, according to the Search Engine Marketing Professional Organization (SEMPO). More than 80 percent of those funds were invested in paid search listings. Also known as sponsored links, these ads appear either above or to the right of the search results, in an order determined by the results of keyword auctions run by search sites such as Yahoo! and Google.

The remaining investment went toward unpaid search results in the form of search engine optimization (SEO). Using SEO, marketers seek to improve the placement of a site's links in the "organic" or "natural" search results by engineering sites in such a way that they are readily visible to search engine indexing programs. Also, because click-rates factor into search algorithms, another facet of SEO deals with maximizing the appeal of a site's content.

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