Search Engines Going Into Overdrive…
How Search Marketing Is Rapidly Changing

By

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Where Is Search Going?

Search engine marketing is changing quickly and profoundly. Just as many marketers have finally figured out how to optimize search based on keyword tracking and text copy testing, the big guys – Google, Yahoo, Microsoft, Ask -- and a few new ones, are changing the game. While these marketing competencies will still be needed, new capabilities must also need to be mastered. And the ways in which e-commerce will be conducted in the years ahead is likely to be quite different than how goods and services are sold on the internet today. Chief Marketing Officers (CMOs) in particular need to pay attention to the changing technology and ground rules if they want to keep their revenue streams flowing and growing.

Until recently, search optimization was structured by a few basic rules or techniques. To be successful and get decent returns on investment, marketers (or their agencies) needed to understand and master a few fundamental areas:

- Keyword selection – how to find and bid on key words that drove the most traffic and conversion to their sites
- Text copy formatting – this involved finding the right ways to describe your selling proposition or product so that your URL would be selected before competing search responses, thus driving optimal click-thru
- Staying above the fold (or on the first page of search results) – for natural search, finding ways to increase page relevancy by using key terms or word strings so that the search engine would rank pages high enough to be one of the top five to seven responses below

the paid search results, so that text could be seen in the browser without scrolling or page clicking

- Balancing long and short tail terms – good marketers understand how to balance the need to bid on terms that build the brand and those that drive very profitable product sales. Tilting too far one way means losing effectiveness and profitability.

Search engines are constantly introducing new technology to the search environment – sometimes driven by their goals to increase ad revenue from every page and query, and sometimes to enhance user experience and value. Either way, new techniques are proliferating and having an impact on how search result pages get rendered and how traffic will ultimately flow. These new tools, techniques and approaches will have significantly shape how the marketing game will need to be played going forward.

Let's look at several specific developments and how they might change the strategies and approaches used by marketers.

First, consider what happens when search engines render search results that contain more than just text. Google (having acquired You Tube) and other engines have now begun to include video and photos into what was formerly a text-only results environment. When this occurs, the order of results from a search is radically changed. These shifts are based on the premise that users value video or image more than text results. So, when appropriately tagged, these visuals are placed at the top of the page under the presumption that a picture is worth a thousand relevant terms. (To better understand this change, enter the search term "havanese" into a Google search box and see how images of this popular dog breed are presented above the other results.)

Second, look at how Google is slowly introducing "search within a search" rendering when shoppers query certain branded terms. For example the shopper may be seeking a specific destination as a product source, such as entering "Best Buy" or "Gap" in a Google search box. Instead of responding with search results only from the branded site, Google is now also presenting a second search box within the results copy of the merchant so the user can further narrow their search of this site. At first, this would seem to add great utility and be very user friendly. The approach appears to compensate for the inadequacies of many site-specific search tools, and leverages Google's advanced searching technology to be applied in the confines of a "private" site. But the implications are far from benign. The results of this second search don't just direct the shopper to the best pages within the brand site. They also list other branded sites and competing pages, even though the shopper has already indicated a brand preference. So, Google gets a second ad serving and revenue stream, and the shopper stays within Google's confines, rather than the branded site. This aggressiveness not only creates a new revenue stream for Google, but delays the shoppers arrival at the desired destination – and punitive to brand marketers who, in effect, must pay twice to get users to their branded site, rather than Google's.

The third technique is a variant on 'search within a search,' and involves Google's ability to add "gadgets" to their environment. Gadgets are little bits of code that could allow a marketer to permit a shopper to enter codes right into the search response – visualize either a promotion code, customer code or even a catalog quick order reference number. When users enter these codes and "click thru" to the destination site, they are not only immediately recognized (and on a more powerful level than a "cookied" visitor), but rewarded with superior service, messages or even pricing incentives that can drive conversion and average order value. These would be very valuable tools that align Google and others with the merchants, and could produce a new service revenue line for the search engine. Watch for developments and tests like this in the near future.

Finally, start-up search companies, such as Spacetime and Searchme, are using advanced display and creative approaches similar to screen presentations found on Apple's Mac and Microsoft's Vista environments. These flip-page and 3-D search rendering approaches will lead to new consumer search paradigms and human factor-driven behaviors that will change click-through patterns. Shoppers will be driven by visual, not textual, stimuli and decision taxonomies. This means marketers will have to learn new optimization techniques and infuse more creative and visual production design into their efforts.

So, Why Should We (as Marketers) Really Care?

It is obvious that the search landscape as we know it will continue to change dramatically over the next few years as these and other novel new tools become more prevalent.   But will the impact be something we need to think about near term?

Mature on-line marketing programs rely on traffic and sales through a myriad of channels, including paid and natural search, email, affiliate and other media programs. Many of these programs -- say for instance, in the apparel sector -- obtain 30% or more of their revenue flow from natural and paid search channels.

So, for example, let's say that a site generates $100 million in gross revenue. Search will drive more than $30 million in revenue against a typical budget expenditure of $3 or $4 million. The optimization techniques noted earlier (such as perfecting paid and natural search tagging and rendering; tweaking key word lists and copy; and controlling spend by balancing long and short tail terms) must now be rethought and augmented. There's simply too much at stake not to do so. Marketing will increasingly need to leverage site design and creative resources that can deal with video, image, and multi-media assets and apply these expensive resources to the search optimization game.

As A CMO, What Should I Be Doing?

What will these developments – and others, yet to surface – mean to the CMO responsible for not only doing a good e-commerce job today, but *anticipating* how to do it tomorrow?

<u>First, recognize that basic search will become multi-media search</u>. Today's e-retailer spends lots of time developing and optimizing keyword lists and tweaking text copy to improve click thru and conversion rates. In the fashion world, for example, shoppers may be searching for a category (e.g., sweaters or dresses), or style (e.g., boot-cut jeans or lace-up boots), or even a particular brand (e.g., UGG boots or Burberry raincoats). So, retailers must strike a balance between bidding on specific brands vs. more generic terms. Why? Because bids on particular brand names typically have a lower cost (since there are fewer bidders), and achieve better response and higher conversion rates. On the other hand, retailers who decide to bid aggressively on more generic terms (e.g., petite jeans, compared to a brand of jeans) are more likely to get top placement and presumably better results. Or, retailers may be willing to use paid positioning or placement to buy click-thrus.

This will change, going forward. Search engines and portals will begin rendering videos, images and photos in response to search queries, so that text responses become much less relevant in getting top placement. When video clips and images are appropriately tagged, search results from Google, Ask or Yahoo will show them at the top of the results page. You Tube search results are also presented this way. No longer are retailers competing just on keyword and text copy, but on how well they link their photo and video images and ad strategy to their search and affiliate network strategy.

The implications are enormous for retail marketers. For example, a fashion show clip or extract from a TV ad can be re-purposed for on-line display. If this visual content is tagged to match search queries that are volume drivers, the retailer can expect top display, with the opportunity to have the prospect click through to a meaningful product page.

This development fundamentally changes search engine optimization. In place of the traditional competition for keyword and text copy, successful retail marketing on the web can now be at least partly defined in terms of how well photo and video content and ad strategies can be linked to search and affiliate network strategies. Marketers who are content to display only text will see their results relegated to lower or second page placements.

<u>Second, for those CMOs who market across multiple channels, recognize that content – copy and visuals -- must be planned, managed and integrated so it can be used for each – and all – of these channels</u>. That's because it is simply too costly to develop channel-specific content and data linking. To be competitive, the CMO must integrate planning and execution to drive customers to the stores or catalogs, or drive search results, or drive on-line product presentation and purchase on individual websites.

This broadened scope is quite difficult, not only because of its complexity and the rapidly shifting technology, but because most CMOs have a hard time marketing in a multi-channel, let alone multi-media environment. They remain stuck, or at least dominantly focused on their primary 'heritage' channel – store, catalog or web. The added challenge of repurposing content to optimize multiple channels is typically beyond the breadth and capabilities of existing organizational structures, planning tools or data aggregation.

<u>Third, plan to make basic search more interactive</u>. Even as search is morphing into an evermore sophisticated marketing tool, basic text-only search is becoming more interactive, presenting a powerful opportunity for retailers. The key is embedding "gadgets" in Google results, enabling marketers to enter catalog product codes right into the search results. Customers are taken directly to the appropriate page on the catalog site, or even permitted to enter their selections directly into their shopping carts. (The cart, of course, would be engineered to accommodate product variations such as, for example, size and color.) It doesn't require lots of imagination to understand how conversion rates can be greatly increased by having the product page or shopping cart as the landing page for search results – but it does require vision, planning, expertise and resources to make this happen.

Here's an example of this tool's potential: During the last holiday season, when we first attempted paid search and optimized natural search for one of our catalog clients, we learned that almost half of our current "web shoppers" were already receiving our catalogs and were familiar with our brand. If they wanted to order, rather than entering our URL, they much preferred to search our company's name using Google or Yahoo, and clicked on our paid or natural search result. As we optimized our keyword list of branded and generic terms, we drove response and sales to well over 300% of original revenue goals. This past year, we spent three times as much, and by the end of October (barely into the holiday season) booked over 100% of significantly increased revenue goals. As satisfying as these results are, consider the power of embedding a gadget for direct order entry, thus reducing the number of clicks-to-order to one. We'd estimate this could result in an additional 40% to 50% lift from our existing customer base and from our email campaigns for specific best-selling items.

Fourth, link advertising to mobile search. Though we have not mentioned the growing popularity of mobile devices and the marketing tools that are emerging to support this medium, it cannot be ignored. Mobile search may be the most promising of all emerging technologies. Google is working on this, and our hope is that they bring this development to market as quickly as possible. Imagine the possibilities of applying geo-coded information. You'd know whether someone searching Google was across the street from one of your retail locations – or one of your competitors – and whether that individual was a known customer, or a prospect. As a marketer, you'd be able to generate promotional text or even on-demand coupons. Consumers will be able to get brand and product information precisely when and where they can best use it. The question for retailers is whether and when they will have the vision and will to realize this opportunity.

The changes we are discussing are already underway. They are beginning to alter the e-commerce and retail landscapes forever, and the pace of these advances will only accelerate. Some retailers, smart and agile enough to move quickly to capitalize on these changes, will score large gains in market share and revenue. Others will decide the new search game is not worth playing, perhaps because they (a) don't see it coming, (b) are unable to mobilize for change, (c) are getting caught up in inter-channel battles for control among e-commerce, retail store or catalog players, or (d) don't understand the need to do the necessary research and development and make the associated investments.

As these trends become increasingly evident, CMOs of multi-channel retailers need to decide the kind of game they are going to play – and how.

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Gary Breitbart is founder and principal of the PCF Consulting Group, dedicated to helping retailers successfully navigate the complexities of operating across multiple channels. PCF helps these organizations build processes and infrastructure that enable them to move efficiently and optimize the opportunities emerging in this new, rapidly changing retail environment.   Learn more about PCF Consulting Group at www.pcfconsultinggroup.com.