

To use branded keywords or not? Rationale of professional search-engine marketers for brand bidding strategy

Keywords: branded keywords, search-engine marketing, search advertising, digital marketing

Purpose

Consumers are increasingly more familiar with placing orders online and being able to shop for their favorite brands whenever and from wherever they prefer. This change in consumer behavior has put additional pressure on companies to compete over online visibility, since this is where today's consumers spend much of their shopping time. In practice, firms have started to allocate higher shares of marketing budgets to online advertising, including display and social advertising, as well as email and search engine marketing (SEM). In particular, with SEM, organizations can reach consumers looking for information about a particular brand in virtually any location in the world.

Search engines are thus major match-makers between consumers and brands (Jansen & Mullen, 2008; Edelman et al., 2005). When a search is conducted, a search engine (e.g., Google or Bing) displays two types of results: organic and paid search results. For the latter, search engines enable companies to bid on keywords (users' search terms), showing text advertisements on eligible searches. Selection of the right keywords to bid for forms therefore a crucial SEM challenge (Jansen & Schuster, 2011). The selection of keywords gives companies also the possibility to buy their competitors' brand keywords (a practice called 'piggybacking'), and thus create a competitive scenario when a consumer is searching for a specific brand¹. It would then seem obvious that any company would bid on its own brand keywords; yet, this is not the case in practice, as some advertisers consider it as wasteful spending. These marketers view that brand bidding cannibalizes the traffic from their organic rankings, and therefore do not find bidding on their own brand terms reasonable.

¹ Rutz & Bucklin (2012, p. 17) define branded keywords, so that "A branded keyword includes the brand name of the advertiser, while a generic keyword does not."

The purpose of this study is to gain a better understanding about the advantages and the disadvantages of brand bidding in SEM. In addition, this study aims to identify the factors that affect the choice of brand-bidding strategy.

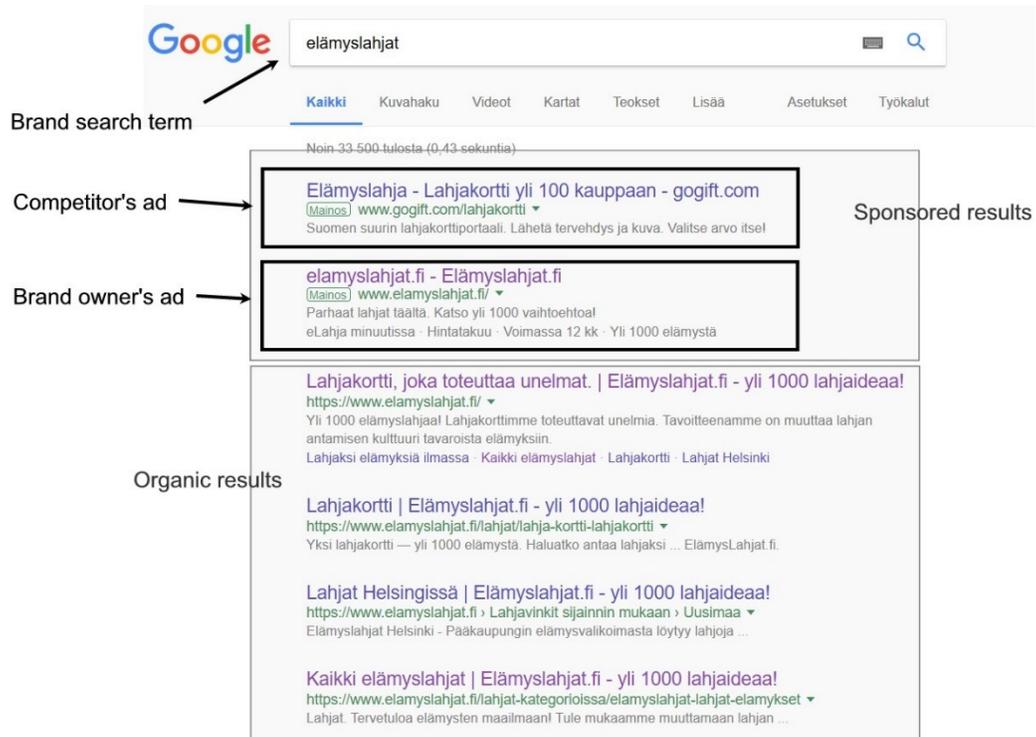


Figure 1: Illustration of brand bidding dilemma and ‘piggybacking’. The company brand ranks high on organic results; yet, if it would not bid for sponsored placement, a competitor would “steal” its place.

Although branded keywords have been a field of interest among practitioners, they have been broadly ignored by academic researchers. Prior streams of research instead focus on keyword auction models that are in the interest of search engines rather than marketers (Edelman et al., 2005; Varian & Harris, 2014). There is little empirical research investigating the experiences of actual search engine marketers. Jansen, Sobel, and Zhang (2011) find that bidding on branded terms profitable, although the researchers did not measure the effect on organic results. Mukherjee and Jansen (2014) report that females are more attracted to the use of branded terms than are males. Yet, buying branded keywords has been a controversial topic among SEM practitioners ever since Google launched its advertising platform in 2000, and to date a common understanding about the topic has not been reached. Numerous blog posts and Web articles have

been written about the issue, most of them based on the marketer’s individual perception about the phenomenon. In this research, we wish to shed some light on brand bidding for the academic community.

Methodology/Approach

In this qualitative study, semi-structured interviews are used as a data collection method. Ten industry experts with extensive experience are interviewed. The informants represented three different groups, including agency consultants, in-house marketers, and SEM experts (see Table 1). The interview questions are designed to reveal both supporting and opposing arguments for brand bidding, so that a balanced understanding of the phenomenon can be constructed.

Table 1: Informant information.

Informant	Industry	Type	Position	SEM exp. (years)
A1	Consultancy	Agency	Head of Social	3
A2	Consultancy	Agency	Project Manager	6.5
A3	Consultancy	Agency	e-Commerce Consultant	1.5
A4	Consultancy	Agency	Digital Strategist	3.5
A5	Consultancy	Agency	Consultant	10
I1	Travel	In-house	Digital Sales Manager	3.5
I2	Health	In-house	Marketing Manager	6.5
I3	Service	In-house	Digital Specialist	3
I4	Retail	In-house	Performance Manager	3.5
E1	Tech	Expert	Analyst	5

The informants’ SEM experience varies from one and a half years to up to ten years of experience. After transcribing the interviews, summaries of the interviews are sent to the interviewees for proof reading. This gives the informants a chance to check that the researchers have understood their statements correctly and the opportunity to supplement the interviews with additional insights. The interviews are analyzed by following the Grounded theory coding and classification techniques suggested by Glaser and Strauss (1967). NVivo 11 software is used for the coding, categorization and analysis of the gathered data.

Findings

Five key categories that impact the choice of brand bidding strategy are identified: 1) cost, 2) competitors, 3) control, 4) performance, and 5) spillover effects. Table 2 shows the rationale for

each category. In brief, cost per click is expected to be lower for brand keywords than for generic keywords. Second, there is the aforementioned need for prevent competitors from taking advantage of brand advertising investments. Third, the sponsored advertisement provides more control for brand communication and messaging than the organic results section which the search engines have more control over. Fourth, due to lower costs and higher click-through rates, performance of brand keywords tends to be higher than for generic keywords. Fifth, by engaging in both search advertising and search engine optimization, the marketer maximizes brand visibility on search-engine results pages.

All the identified categories are either directly or indirectly linked to performance. Consequently, performance can be seen as the key factor that impacts the choice of brand bidding strategy. In addition, no significant differences of opinion between the groups studied in this research could be identified (see Tables 3 and 4). Yet, the informants identified that people with poor knowledge of search engine marketing tend to oppose brand bidding. This suggests different interpretations could have been elicited by interviewing non-sophisticated marketing decision makers.

Table 2: Factors related to choice of brand bidding strategy. Plus sign indicates a position in favor of brand bidding.

Cost factors		Competitive factors		Control factors		Performance factors		Spillover effects	
+	-	+	-	+	-	+	-	+	-
<ul style="list-style-type: none"> • Low CPCs relative to other keywords • Inexpensive traffic vis-à-vis other marketing channels 	<ul style="list-style-type: none"> • High cost when brand searches are many • Not effective for new customer acquisition • Not optimal for low budgets (e.g., startups) • Cannibalizes organic traffic: “Paying for something you could get for free” 	<ul style="list-style-type: none"> • Protects brand from competitors • Avoids losing traffic and revenue to competitors • Protects brand from companies targeting same affinity • Protects brand from competitor mudslinging 	<ul style="list-style-type: none"> • No competitors bidding on the company’s brand keywords (i.e., no need to protect) 	<ul style="list-style-type: none"> • Flexible way to communicate (compared to organic links) • Ad extensions provide greater control, more communication space and more options for marketers • Cover a greater area of the SERP • Mobile SERP’s small and thus top positions need to secured • Branded ads build trust and make a brand appear more credible 	N/A	<ul style="list-style-type: none"> • High ROI and lower CPA compared to non-branded keywords • Higher conversion and click-through rates than organic links • Increases overall traffic and turnover • Makes the overall results seem good, even if non-branded keywords are under-performing 	<ul style="list-style-type: none"> • May falsify overall account performance 	<ul style="list-style-type: none"> • Secures two hits in the SERP: paid + organic (double exposure) • With double exposure, consumer is more likely to remember brand in the future (recall) • Higher account QS • Lower CPCs for generic keywords • Reduces total cost or adds more traffic for the same investment • Better positions with lower CPC 	N/A

Abr. CPC = cost-per click; SERP = search-engine results page; ROI = return-on-investment; CPA = customer acquisition cost; QS = Quality Score.

Table 3: Rationale in favor of brand bidding by category and informant group.

	Agency		In-house		Expert		Total	
	Nr.	%	Nr.	%	Nr.	%	Nr.	%
Cost	4	80%	2	50%	1	100%	7	70%
Competitors	5	100%	3	75%	1	100%	9	90%
Control	5	100%	4	100%	1	100%	10	100%
Performance	4	80%	2	50%	1	100%	7	70%
Spillover	4	80%	4	100%	1	100%	9	90%

Table 4: Rationale against brand bidding by category and informant group.

	Agency		In-house		Expert		Total	
	Nr.	%	Nr.	%	Nr.	%	Nr.	%
Cost	5	100%	4	100%	1	100%	10	100%
Competitors	2	40%	1	25%	0	0%	3	30%
Control	3	60%	1	25%	0	0%	4	40%
Performance	0	0%	0	0%	0	0%	0	0%
Spillover	0	0%	0	0%	0	0%	0	0%

The tables above summarize arguments by category and by informant group. As displayed in the tables above, the pro-brand arguments are more frequent than arguments against brand bidding. An explanation for this could be that the informants had a positive view on brand bidding.

Theoretical Implications

Our findings confirm some earlier disposition by researchers. Being visible in both paid and organic results simultaneously, also called “double exposure”, is recognized as a strategy that influences click and conversion rates positively. In prior research, Yang and Ghose (2010) found that when both paid and organic results are available, the combined clickthrough rate was 5.1% higher than in the absence of paid ads, and the combined conversion rate 11.7% higher with double exposure.

The higher conversion rate in paid ads can be explained by differences in customer behavior: the users who are just looking for information are more likely to clicking on organic links than paid ads, whereas users with buying-intention prefer clicking on paid ads. On the other hand, this can

also be explained with the fact that paid ads may be better written and have better landing pages, and therefore catch the attention, persuading consumers to purchase (Yang & Ghose 2010).

Practical Implications

Brand bidding can be seen as a protective strategy against piggybacking. The low cost, high performance of branded keywords and spillover effects are supporting arguments for brand bidding. Thus, this research suggests that brand bidding should be utilized as a part of a company's SEM strategy regardless of its size or industry, as brand is among the most valuable assets a company has. Controlling brand visibility on SERP is an important part of brand management, as exemplified in Figure 2.

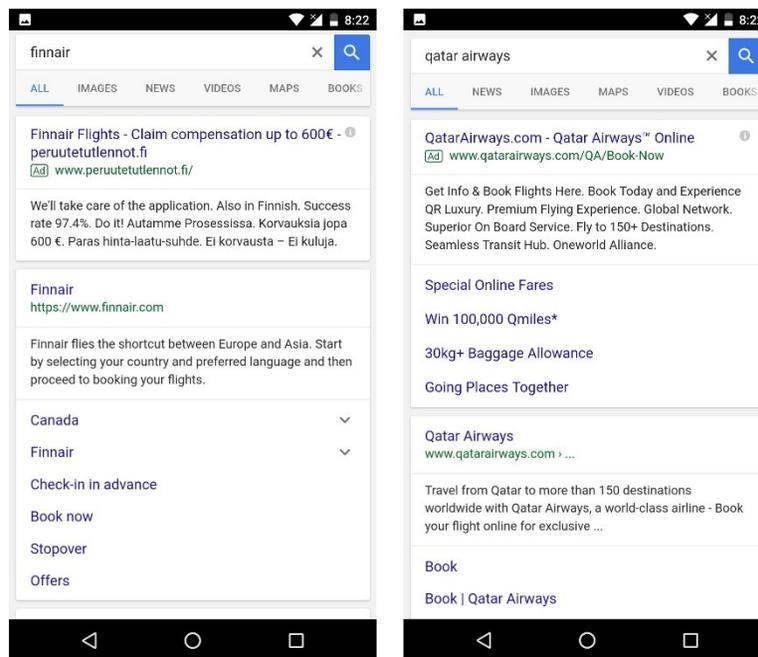


Figure 2: Example of poor and good and good brand management on SERPs. Finnair enables a negative brand message to overtake its brand searches by not bidding on the keywords, while Qatar Airways controls its brand message.

Originality/Value

This study has identified the central factors impacting the choice of brand bidding strategy in search advertising. For further research, a deeper examination of the identified categories is being suggested with a larger sample of marketers.

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