

Research Study
from the Atlas Institute

WHERE CAN YOU FIND YOUR CUSTOMER?

TRY THE INTERSECTION OF SEARCH AND DISPLAY.

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An advertiser's intuition tells you that reaching customers more often across more channels will inevitably improve your brand recognition. But with very little research to support this, and given the industry standard of giving the "last ad clicked" 100 percent of the credit for a conversion, it has been difficult to prove this theory. And to obscure your marketing vision even further, the online channel where that click occurred gets sole credit for the sale.

**SEARCH AND DISPLAY
TOGETHER PROVIDE A 22%
RATE LIFT OVER
SEARCH ALONE.**

In the increasingly advertising-filled online environment though, you know that you're often exposed to more than one message from a marketer before you buy. You see a display ad one day, a video ad the next day, and maybe the day after that you search for the product and purchase. If the search ad is the only one getting the credit for the conversion, the marketer isn't getting the full story.

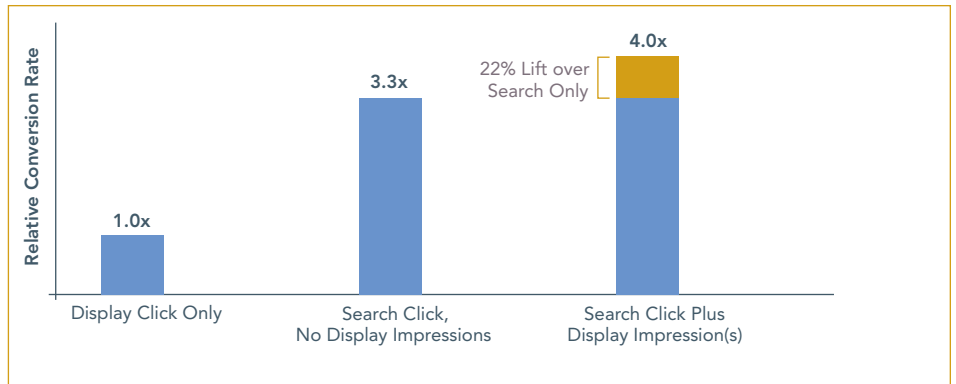
To prove the importance of running and measuring media across multiple channels, we looked at search and display—two of the biggest online channels—and how they work together. Our research clearly showed that users exposed to both channels are more likely to convert than users exposed to search advertising alone.

Overview of Analysis

Eleven advertisers who track both display media and sponsored search clicks through Atlas were analyzed for the month of April 2006. Each advertiser's primary

Chart 1:
Conversion Rate
Comparison

Exposing search users to display media from the same advertiser results in a 22 percent increase over search alone, suggesting a synergy between these two channels that cannot be measured separately.



conversion was considered, and users were classified as having converted or not converted; repeat conversions were not considered in calculating conversion rates. Finally, each user’s history was evaluated and then segmented into an exposure group depending on the media types they had seen or interacted with. Over 10.8 million impressions and 2.5 million search clicks from 1.8 million users were analyzed for this study.

For the purposes of this analysis, users were segmented into three distinct groups based on their media exposure:

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| Display Click Only | Users who clicked on display advertising, but had no search clicks from the same advertiser. |
| Search Click No Display Impressions | Users who clicked on one or more sponsored search listings, but had no display views or clicks from the same advertiser. |
| Search Click Plus Display Impression(s) | Users who clicked on one or more sponsored search listings and had one or more display views and/or clicks from the same advertiser. |

It was important to first determine how often overlap occurs between search and display to see if these results would be significant enough to analyze. The research found that 44 percent of users who clicked on sponsored search listings also received display ads from the same advertiser, making up a significant portion of both the search and overall reach.

Summary of Results

1 > Chart 1 shows the relative conversion rates for the three groups. Using the display click only group’s conversion rate as a baseline, we see that search click only users convert at a rate over 3 times higher. Users exposed to both search and display convert at an even higher rate – 22 percent better than search alone and 400 percent better than display only. Clearly, even in the presence of search there is

good reason to supplement users with display advertising – an idea that has been overlooked as online advertising dollars have increasingly gone towards search.

There are a number of likely reasons for the synergy between search and display. First, display advertising is a proven method to generate brand awareness, message association and increased purchase intent. Thus, it's a great way to reinforce

**SEARCH AND DISPLAY
CONVERSION RATE LIFTS
VARY AS MUCH AS 8X
BETWEEN ADVERTISERS**

both acquisition and brand messaging that users may receive from other channels. Display messaging can help win over a user who is interested in a brand or product that they have previously searched on, but may be on the fence about purchasing. Display also likely drives brand searches – a valuable initial step into the purchase process. Finally, search is often used as a navigational tool for users who cannot remember a website's URL. Consumers

may first visit that site by clicking on a display ad, then revisit subsequently via search when they are ready to purchase or register.

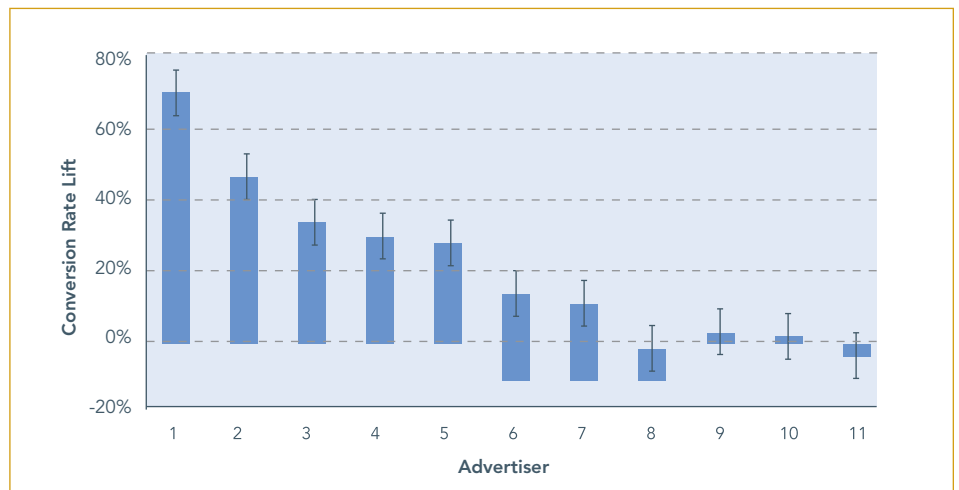
Viewing the results in greater detail, data from eight of the eleven advertisers showed that users exposed to both search and display media outperformed those who only interacted with search. The lift values differ greatly across the advertisers used for this study, suggesting that the synergy between these channels is highly variable and should be measured on an advertiser-by-advertiser basis. The results are shown in Chart 2.

Advertisers 1 through 8 demonstrated significant lift for users who viewed display advertising along with search. Advertisers 9, 10 and 11 showed conversion rates that were essentially equivalent (zero lift) for the two groups, as demonstrated by the standard error bars that appear over their data points and cross zero. These values indicate that there is very little, if any, synergy between the online search and display channels for these advertisers. This could be due to a number of factors.

Chart 2:

*Search & Display
Conversion Rate Lift
Over Search Only*

Eight of the 11 advertisers analyzed in this research showed significant conversion rate lift when search users were also shown display advertising.



For example, the advertisers' media may not be producing much overlap between the groups, or they may have run large offline marketing campaigns that influenced all three exposure groups. The difference between the lowest and highest significant lift values here was over eight times, highlighting the broad spectrum of cross-channel performance possibilities that exist, depending on the advertiser and campaign.

Users exposed to both media types not only registered higher conversion rates, but generally also showed higher search click-to-conversion rates. This means that not only were these users more likely to purchase or register, but their individual search clicks were also more valuable when tracked to conversions on the back end. This is especially important when considering the increasing costs advertisers are paying for search. Display advertising can increase the return on ad spend on search and thus justify some of the higher prices for specific keywords.

The Impact of Display Ad Frequency on Search

Another point of interest is the impact of display ad frequency in driving conversion results for users exposed to both display and search. Again, the results varied by advertiser, but generally those users who viewed three or more impressions in combination with at least one search click had better results than those who viewed only one or two impressions. Both conversion rates and search click-to-conversion rates climbed significantly for these users, further suggesting the benefit of display advertising when paired with search. However, there is a point of diminishing returns when display ad frequency gets too high. For many advertisers, higher frequencies tended to yield lower conversion rates even when paired with search. This discovery is consistent with previous research on optimal frequency. Advertisers should keep this in mind when planning their search and display campaigns – there is a synergy between the two, but too much display can be wasteful.

What This Means for Advertisers

1. > Measure the synergistic effect between your search and display campaigns. Our research clearly shows that users exposed to both channels have a higher probability to convert than users exposed to search alone. Identifying which sites and keywords are producing a synergistic effect opens a new strategic optimization opportunity. For example, increased search click-to-conversion rates seen for display and search together allow advertisers to pay higher CPCs and bid to position their keywords higher while maintaining the same return on ad spend.

2. > Buy display media that maximizes reach to users who have clicked on your sponsored listings. On average, 44 percent of search users are also being shown display media from the same advertiser, and very often there is a synergy that occurs with the delivery of these formats together. Third-party ad serving data enables advertisers to measure the overlap across channels, adding another dimension to their display media buying criteria.
3. > Maximize the reach of your campaigns and reduce frequency to increase conversion rates. This was an important lesson learned from optimal frequency research, and the same rule of thumb applies when optimizing the synergy between search and display. Advertisers can measure where their display ads hit diminishing returns and should minimize waste via frequency caps and budget adjustments.
4. > Track all advertising touch points of a campaign to get the whole conversion picture. Advertisers lose sight of significant value and optimization capabilities when measuring search, display, rich media, and sponsorships in silos. Using Engagement Mapping to measure the effects of all channels and types of ads will give you the true story of the performance of all of your cross-channel campaigns.

About the Atlas Institute

The Atlas Institute is the research and education arm of Microsoft Advertiser and Publisher Solutions, a provider of accountable advertising tools and expertise for agencies, marketers, and publishers. The Institute publishes Digital Marketing Insights, a series of publications by digital marketing experts that help our customers improve their digital marketing effectiveness. Many of these findings are also made available to the digital marketing industry at large. Each Digital Marketing Insight is designed to help marketers more successfully build value with their customers, throughout the customer lifecycle: from awareness to acquisition and from retention to growth. The Atlas Institute also provides education in digital marketing to Atlas customers.

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