

# Paying for Navigation: The Impact of Navigational Behavior on Paid Search

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*"Search and navigation are different behaviors, yet search engines are used to doing both. This means a good search engine can handle search and navigation requests. Google's popularity is in large part due to the fact it is also a good "navigation engine." Its ability to find the right site when a user can't recall how to reach the site directly is excellent."*<sup>1</sup>

- Danny Sullivan, Noted Search Marketing Speaker and Author

If one were to print every web page and document indexed by Google, each on to a single sheet of paper, the result would be a stack of paper several thousand kilometers high. Imagine trying to locate something in that stack. Google measures its ability to retrieve documents in milliseconds. Behold the power of internet search.

Small wonder, then, that methods of document retrieval such as saved bookmarks, browser history and the browser navigation bar are waning in popularity. None of these methods can keep up with the dynamic nature and sheer size of the web. As the scale and complexity of the internet grows, users are gravitating towards the search engine as the default method of navigating to known destinations.

The question a marketer must ask is: if search engines are being used for navigation, what is the impact on paid search advertising? If you don't pay for a keyword ad, will consumers find you another way? In a much publicized experiment, eBay pulled all Google AdWords advertisements for 10 days in June of this year. After the experiment, eBay reported that they "were not as dependent on Google AdWords as some may have thought."<sup>2</sup> Supporting this conclusion, Bill Tancer of the web intelligence service Hitwise reported that, "While the move clearly impacted eBay's upstream traffic from Google, eBay's traffic was minimally impacted..."<sup>3</sup>

While the eBay anecdote is provocative, is their circumstance typical? To gain more insight into how navigational search impacts search marketers, we analyzed a large cross section of paid search traffic, looking in particular for evidence of navigational search activity. Our analysis provides statistics on the prevalence of navigational search as well as insight into navigational behaviors.

**Branded search words account for over 50% of search dollars, and 71% of sponsored search clicks are navigational.**

<sup>1</sup> Sullivan, Danny. "Browser-Based Searching." The ClickZ Network. April 10, 2002. <http://www.clickz.com/1006191>

<sup>2</sup> Kee, Tamela. Mediapost. "eBay and Google: Together Again, For Now". June 26, 2007. <http://publications.mediapost.com/index.cfm?fuseaction=Articles.san&s=62956&Nid=31734&p=450958>

<sup>3</sup> Tancer, Bill. Hitwise. "eBay's Experiment – An Update". June 23, 2007. [http://weblogs.hitwise.com/bill-tancer/2007/06/ebays\\_experiment\\_an\\_update.html](http://weblogs.hitwise.com/bill-tancer/2007/06/ebays_experiment_an_update.html)

## Research Methodology

For this research, we analyzed click log data for 120,000 unique users occurring between November 1, 2006 and May 1, 2007. The click data we analyzed originated from paid search advertisements purchased through Yahoo! Search Marketing, Google AdWords and Microsoft AdCenter. A total of 275,858 paid search clicks were recorded for the set of users during this period. Thirty advertisers were included in the study, each advertiser accounting for 4,000 unique users.

In the discussion that follows, we use the term “conversions” to describe the primary measurable events advertisers use to gauge the effectiveness of their advertising campaigns. Examples of conversions advertisers might track include: order completions, “contact-us” form submissions and page views.

## Categories of “Navigational Search”

In our analysis, we categorized each sponsored search click according to two behavioral dimensions.

### Repeat Visit Behavior

If a user clicked on multiple ads leading to a given advertiser’s web site, we considered each instance after the first to be a repeat visit. We considered repeat visits to be navigational because they imply prior knowledge of the advertiser.

### Branded Keyword Search

A click was assigned to this segment if the key phrase associated with the click included the advertiser’s brand name or explicitly matched the advertiser’s web site URL. For example, if a user clicked through to the ACME Corporation web site, the following key phrases would be categorized as branded:

acme.com  
 www.acme.com  
 acme corporation  
 acme corporation web site

## What We Have Learned

Below are charts summarizing our findings. Table 1 shows the results for each segment as a percentage of total clicks. The percentages given are an average for all advertisers in the study, which means each advertiser had an equal contribution to the overall averages.

Looking at the data, we notice that nearly half (48.3%) of clicks were from users who had been to the advertiser’s site before. Well over half (59.6%) of clicks also came from branded key phrases. Only 29% of clicks were attributed to non-branded first visits. This relatively small segment is often how search marketing is characterized – as a means of attracting and acquiring new customers.

Table 1: Percentage of total clicks by category.

	Non-Branded	Branded	Total
<b>First Visit</b>	29.0%	22.7%	51.7%
<b>Repeat Visit</b>	11.4%	36.9%	48.3%
<b>Total</b>	40.4%	59.6%	100.0%



Navigational search from branded keywords and repeat visits (shaded) account for 71% of sponsored search links.

We also looked at the media cost by segment in Table 2, to quantify the impact of navigational search on overall search budgets. The 59.6% of clicks attributed to branded key phrases represented 34.2% of total cost. This shift is to be expected, given the relationship between click-through rate and bid price. Ads with higher click-through rates require lower bids to maintain top positions. Since branded key phrases are directly related to the advertisers' brand or URL, higher click-through rates and lower CPC rates are expected for these ads.

**Table 2: Percentage of total cost by category.**

	<b>Non-Branded</b>	<b>Branded</b>	<b>Total</b>
<b>First Visit</b>	46.4%	12.8%	59.2%
<b>Repeat Visit</b>	19.4%	21.4%	40.8%
<b>Total</b>	65.8%	34.2%	100.0%

The total cost of navigational clicks (highlighted above) adds up to 53.6% total sponsored search costs.

## The Impact of Navigational Search on Conversion Attribution

Navigational search raises some concerns regarding how advertisers measure the performance of their campaigns. Current reporting standards attribute conversions to the last ad click or impression prior to the conversion event. Thus, virtually all campaign reports ignore the fact that consumers are being reached by multiple ads, on multiple sites, and across many channels. Since navigational search behavior typically occurs in a user's immediate path to conversion, navigational search ads often appear to be the source of high volumes of conversions. Put simply, navigational search behavior implies that the user already knows the advertiser. That prior knowledge may have come from a variety of other marketing touch-points and interactions, and in many cases, from existing customers who are returning to the site to buy again.

To accurately measure performance, an advertiser should consider all ad exposures prior to a conversion. In support of this point, there is mounting evidence that crediting the last ad or click with the entire conversion is short-sighted. A recent study from the Atlas Institute found that two-thirds of converters were exposed to ads from multiple sites<sup>4</sup>. A separate study found that sponsored search clickers were 22% more likely to convert if they were exposed to display ads from the same advertiser<sup>5</sup>. If we take a holistic view of all tracked ad exposures, a conversion should not be attributed to the last ad clicked, but rather the value generated should be shared among all interactions that lead to a

<sup>4</sup> Fowler, Jed. Analyst. Atlas Institute. "The Impact of Overlap on Reach, Frequency & Conversions." [http://www.atlassolutions.com/uploadedFiles/Atlas/Atlas\\_Institute/Published\\_Content/IODMI.pdf](http://www.atlassolutions.com/uploadedFiles/Atlas/Atlas_Institute/Published_Content/IODMI.pdf)

<sup>5</sup> Strong, Esco. Sr. Analyst. Atlas Institute. "The Combined Impact of Search and Display Advertising." [http://www.atlassolutions.com/uploadedFiles/Atlas/Atlas\\_Institute/Published\\_Content/crosschanneldmi.pdf](http://www.atlassolutions.com/uploadedFiles/Atlas/Atlas_Institute/Published_Content/crosschanneldmi.pdf)

conversion. This means that advertisers currently have an inflated view of the value of navigational clicks, and are likely undervaluing non-navigational search clicks and other media types.

### What This Means for Marketers

Billions of dollars are being spent every year on navigational search clicks, and in all likelihood a significant portion of your search spend counts towards this number. The phenomenon of navigational search isn't bad for search marketers. It is in fact an indication of the growing reach of search engines, but navigational search behavior should factor in to how you manage your search marketing campaigns. Below are a few tactics to consider when managing paid search.

- **Separate out your branded keywords when looking at clicks, cost and performance.**

This will help you understand how paid search is contributing to your overall advertising efforts. If branded keywords are driving a lot of sales, it is likely that other marketing channels are generating interest in your brand. In addition, analyzing repeat visit behavior will help you optimize your search campaigns. A high incidence of repeat visits is an indicator that a keyword is being used navigationally. This information can be useful in planning natural search optimization and could change how keyword performance is being valued.

- **Test what happens if branded key phrases are bid down or removed altogether.**

Several of the advertisers in this study were not bidding on any branded key phrases. In most cases, those advertisers ranked at the top of the natural listings for brand related key phrases, which is often true for advertisers. A well-placed natural listing may be all the navigational searcher needs to click-through and convert.

- **Consider all touch-points that led to a conversion, not just the last ad.**

As discussed above, navigational search can mask the impact of other advertising media due to last click attribution of conversions. In order to accurately understand how different channels contribute to conversions, use one tracking mechanism to measure the performance of all ad types and look beyond the last ad when attributing value.

### About the Atlas Institute

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