



AdWords Insider

Retail: September 2005

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The Proof of One Theory

John McAteer, Google Head of Retail

Recently I was invited to a friend's housewarming party, and unlike the previous 1,000 gift-buying occasions when my wife handled this chore, I was assigned the dubious task of getting the right gift this time. What to buy became the central issue. Stuff for the kitchen? A vase for the living room? A food processor? Knives? Yeah, guys like knives. So I started to look for knives, and after doing some research on the web I made my choice... [Read more.](#)

It's Not All About Search

That's right. Even at Google, we know search does not exist in a vacuum. That's especially true for retail. [Read more.](#)

Seven Ways to Turn SEM Into a Better Sales Engine

Markets, as they say, are conversations. And the best marketing efforts have regular and frequent conversations with customers, as well as among internal resources. [Read more.](#)

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The Proof of One Theory

Recently I was invited to a friend's housewarming party, and unlike the previous 1,000 gift-buying occasions when my wife handled this chore, I was assigned the dubious task of getting the right gift this time.

What to buy became the central issue. Stuff for the kitchen? A vase for the living room? A food processor? Knives? Yeah, guys like knives.

So I started to look for knives, and after doing some research on the web I made my choice – carving knives. Unfortunately, and as always, I procrastinated and waited until the day before the party to start shopping. After researching my choice, I drove to my local kitchen supply store and picked up my purchase.

Not the most exciting story. And most of you probably care only about what kind of carving knives I selected and what store I purchased them from. But I tell this story to illustrate what most of you have done at least once before—shopped online and purchased offline.

I am often asked by retailers if there is proof that this shopping pattern—online search for offline purchases—is happening. My story is anecdotal. I do it, you do it, everyone I know is doing it. And doing it often.

And now we have research that indicates my anecdote is far from an isolated event.

In fact, searching for retail products online is *really* popular.

As it turns out, not everyone searches online for home products, but pretty darn near everyone. According to a recent Google survey conducted by Media Screen:

- 92 percent of people use a search engine to help research and/or purchase things for the home.
- 82 percent of people use Google, making it the most popular search engine. (This percentage is meant to speak to searching online, leading to purchases offline.)

Among Google users, more than half say they're going to use search even more in the future.

What exactly are they searching for? A little bit of everything—small appliances, large appliances, kitchenware, furniture, and home improvement items.

Whether it's online or offline, search helps sell more products.

Among Google users in the survey:

- 79 percent say they ultimately purchased items offline at a retail store.

- Almost half bought online.

In fact, the line between online or offline is not only eroding, it's blurring. Online and offline work together, more often, and in more ways than ever before. For instance:

- 86 percent of those surveyed use a search engine to find online stores.
- 40 percent bought the item online, then picked it up offline at the store.

Searching online. Buying online and offline. Picking up or returning products offline. What do these trends mean for retailers? How does the prevalence of search affect campaign planning for retail? And what can you do to take advantage of the trends?

For CMOs, the answer is often in organizational change. Read [this story](#) for more information on how offline events can have a profound "search effect" on your online business. And go [here](#) for seven ways you can immediately start turning your search engine marketing into a better sales engine.

Thanks for reading.

John McAteer
Head of Retail



About the Author

As head of Google's Retail Group, John McAteer is responsible for developing and managing Google's relationships with leading retailers. To date, Google enjoys valuable relationships with a majority of retailers. As part of his role, John works closely with Google's national sales team and retail advertising customers on building successful global advertising partnerships with Google.

John joined Google from PriceGrabber, a shopping comparison engine, where he was vice president of sales in charge of merchandise and business development for major computer and electronic manufacturers. John has also held VP of sales roles at eVite, eCircles, IDG, and Ziff-Davis Publishing. John has spent the past 11 years partnering with top retail and technology companies, working with online, offline, and event media to help them meet marketing objectives.

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It's Not All About Search.

That's right. Even at Google, we know search does not exist in a vacuum. That's especially true for retail.

Search is part of a larger, multichannel cycle that can be as unique as your products and customers. Sometimes consumers buy online, directly from a search. But more often, they come back to purchase, go to a retail outlet, or purchase over the phone.

- Research shows that 92 percent of consumers who search online for consumer electronics or computers eventually purchase offline, as we discussed in an earlier newsletter (comScore, December 2004).

The relationship between how customers search and how they buy is not always one-way or one-dimensional.

So why do many marketing organizations still treat search as something distinct?

For CMOs, combining online search marketing with offline event planning might present the greatest sales opportunity and the toughest organizational challenge.

Helping these different organizations communicate, collaborate, and plan won't be easy. But by keeping your focus on combined results, the marketing becomes more integrated, sales are less reactionary, and everyone gains.

Embracing the "Search Effect"

What causes spikes in search? Chances are you know the answer better than we do. In fact, you're probably causing these spikes yourself.

Naturally, industry trends can spike search and sales, such as the acceleration in seasonal selling.

- For instance, seasonal shopping is accelerating, with the \$3 billion market for back-to-school tech gear starting as soon as school ends, and plans for the holiday season now beginning in October, as we discussed in the last newsletter.

But what about the offline events you use to drive your business throughout the year? These events are often the same ones that drive online search.

Print ads. TV spots. Direct mail. In-store promos. Dealer spiffs. Inventory turnover. End-of-lifecycle discounts. All of these offline events can have a "search effect"—producing a notable increase in online search activity.

And each of these offline marketing events is also a potential online search.

Turn the Search Effect Into a Sales Engine

Are you prepared? Is your organization structured to take advantage of these marketing events? Are you even aware of them?

Many of Google's largest advertisers integrate online and offline campaigns. The best example might be campaigns that are tied to the Super Bowl—where the audience is largest and costs are highest. This past year, a number of Super Bowl advertisers ran parallel campaigns on Google, with extremely impressive results.

This integration also happens every day in many smaller ways. And the cumulative effect is just as impressive.

As CMO, you are in the best position to take advantage of the search effect. Identify the people and groups in your organization who need to work together. Who are they? Where are they? When is their next campaign or event?

Then work to create a climate in which collaboration is the rule, not the exception. Tear down the walls of isolation. Introduce the teams. Establish regular meeting schedules. Reward everyone based on the group effort. And remember—combined growth is good for everyone.

In this issue, we have a number of suggestions for how you can turn the search effect into a better sales engine for your business. Some of the changes might not be easy. But the results should be worth it.

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Seven Ways to Turn SEM Into a Better Sales Engine

Markets, as they say, are conversations. And the best marketing efforts have regular and frequent conversations with customers, as well as among internal resources.

As CMO, you are in the best position to make collaboration the rule, not the exception.

In retail, the need for collaboration is particularly acute, since the line between online and offline

is blurring. In a recent survey by MediaScreen:

- 92 percent of people indicate they use a search engine to help research and/or purchase things for the home.
- 79 percent of Google users say they ultimately purchased items offline at a retail store, while 43 percent bought online.

Here are seven tips and techniques to help you combine offline and online efforts, and turn your search engine marketing into an efficient sales engine.

1. Share Intelligence

One of the most important things you can do is facilitate the sharing of knowledge within your organization. Hold regularly scheduled meetings with the search marketing team and the advertising and promotional team or agency. We all know that marketing is a dialogue, not a monologue. This principle is true for employees and agencies, as well as customers. Many of the answers will come from people who simply have the right forum to ask questions. Communication fosters planning. And planning leads to sales.

2. Widen Your Rewards

Consider rewards tied to overall sales rather than the individual ROI of each program. This reward system will deepen team members' commitment to teamwork. This system is especially important for the search engine marketing team, since their efforts can drive sales across all other channels.

3. Broaden Search Terms to Match Campaigns

Make sure the search terms you are using match the offline events you have planned. For instance, brand campaigns can generate broader category interest beyond product or company names. Sometimes brand advertising can generate general awareness inquiries (such as "how to..."). Other times, these ads elicit searches for a specific campaign reference, such as a tagline or a campaign offer ("red tag sale").

4. Don't Rely Solely on Affiliate Programs

The burden for cross-channel selling should roll up to the marketing organization, not down to field sales. Affiliates are single-minded about results in their channel — as they should be. Sales that take place offline or after a cookie expires will not be attributed to them. They have no incentive to think beyond their box. That job is yours.

5. More Sophisticated Metrics

Find where search fits into integrated marketing and media plans. Over the past several years, most savvy marketers have adopted and rely on metrics for online programs. Now is the time to broaden those metrics to include customer behavior that is not just online and immediate, but also offline and latent.

(We will be sharing more about metrics in an upcoming newsletter that profiles Google's acquisition of Urchin.)

6. Know Your Best Customers Best

The best customers often share similar behaviors. Know your best customers best. Invest in understanding who they are, where they are, what they do, and how they buy. Once you know

your best customers, be willing to pay more to reach them.

7. Research, Research, Research

Google has plenty of research we are willing and eager to share. But we are not alone. Look to industry analyst firms you trust. Stay abreast of the newest trends in consumer buying behavior, and modify your programs to stay in step. Consider custom research that includes not only customers who purchased, but also those who didn't. Which competitors attracted their attention? Who is in the consideration set? What are other companies doing online? How often do different customers search before buying? There is no substitute for knowledge. And no reward as great as action.

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