



iProspect | May 2009

Search Engine Marketing and Online Display Advertising Integration Study

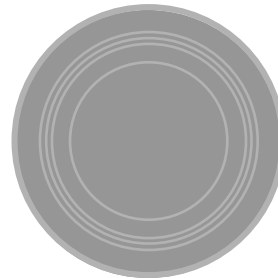
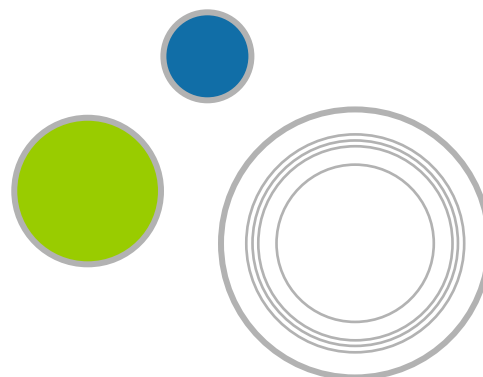


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Objective & Background

In January 2009, iProspect commissioned Forrester Consulting to develop and field a survey about Internet user behavior in regard to online display advertising and search engine marketing. The initiative had three objectives: To uncover the extent to which Internet users perform searches after exposure to online

display advertising; to reveal if an opportunity exists to leverage search engine marketing to capture the demand created by display advertising; and to discover if a relationship exists between the two channels that affords marketers the opportunity to boost the efficacy of both.

Study Methodology

In January 2009, Forrester Consulting designed and fielded a survey to Internet users via the e-Rewards® Consumer Online OmniPulse® Omnibus. A total of 1,575 individuals responded to the survey. Respondents were asked three questions about their behaviors and preferences as they relate to online search and display advertising. The samples were carefully balanced by a series of demographic characteristics to ensure that they were representative of the U.S. adult online population (age 18+). The sample framework was selected based on U.S. Census data for age, ethnicity, gender, region, and income.

In this survey effort, Forrester Consulting worked with its research partner, e-Rewards, on the technical tasks of survey fielding, sample building, and data processing. e-Rewards is the largest "by-invitation-only" online research panel. In order to remain as balanced as possible, panel members are recruited from a diverse set of consumer and business-to-business sources using a "by-invitation-only" approach. By employing such an approach, e-Rewards is able to achieve higher levels of panel normalization and effectively avoid the "professional survey takers" that plague many other online research panels. All panel establishment methodologies employed by e-Rewards are fully compliant with CASRO guidelines.

Executive Summary

The key take-away from this study is that online display advertising is an effective channel on its own, but its power is substantially improved when it is paired with search engine marketing.

Below are six findings that demonstrate the relationship between search and online display advertising that substantiate how and why the two should be used in conjunction with one another:

- More than half of Internet users (52%) actively respond to online display advertising, demonstrating that this is an effective channel to facilitate interaction with a brand; almost a third (31%) respond by clicking on the ad itself.
- Almost as many Internet users respond to online display advertising by performing a search on a search engine (27%) as those who simply click on the ad itself (31%). This finding speaks to the symbiotic relationship between the two channels, and the power of search engine marketing to boost the effectiveness of display. If marketers are going to invest in online display, they should consider search as a form of insurance for that investment as it will help them capture the demand that display advertising can create.
- Internet users are more likely to engage with and/or eventually make a purchase from brands that are already familiar to them. One third of Internet users (33%) who respond to online display advertising eventually purchase from a company/offering with which they are familiar – more than twice the number who eventually purchase after learning of an offering/company for the first time from online display advertising (14%).
- Nearly four in ten Internet users (38%) who respond to online display advertising learn about a brand for the first time as a result of their exposure to such an ad. This finding validates display as a viable channel for building brand awareness and not just driving sales.
- Nearly four in ten Internet users (38%) who respond to online display advertising also EVENTUALLY perform a search on the company, product, or service that is the focus of the online display ad to which they are exposed, and then visit the website from the search results; while 14% do the same but then actually purchase a product or service. When these two groups are combined and added to those that perform a search but DO NOT click on any of the results, the aggregate figure reveals that nearly half of Internet users (49%) who respond to online display advertising EVENTUALLY perform a search on a search engine for the company, product, or service that was the focus of the online display ad to which they were exposed. Not only does this finding demonstrate the power of display to drive search, but it also speaks to the fact that marketers will miss a considerable percentage of potential respondents if they don't support their display efforts with search engine marketing.
- When the latency element is factored in, the number of Internet users who perform a search for the company, product, or service that was the focus of the online display ad to which they were exposed nearly doubles from 27% who perform a search as their initial response to 49% who EVENTUALLY perform a search at some point after exposure to an ad.

Survey Questions, Results, Analysis & Advice

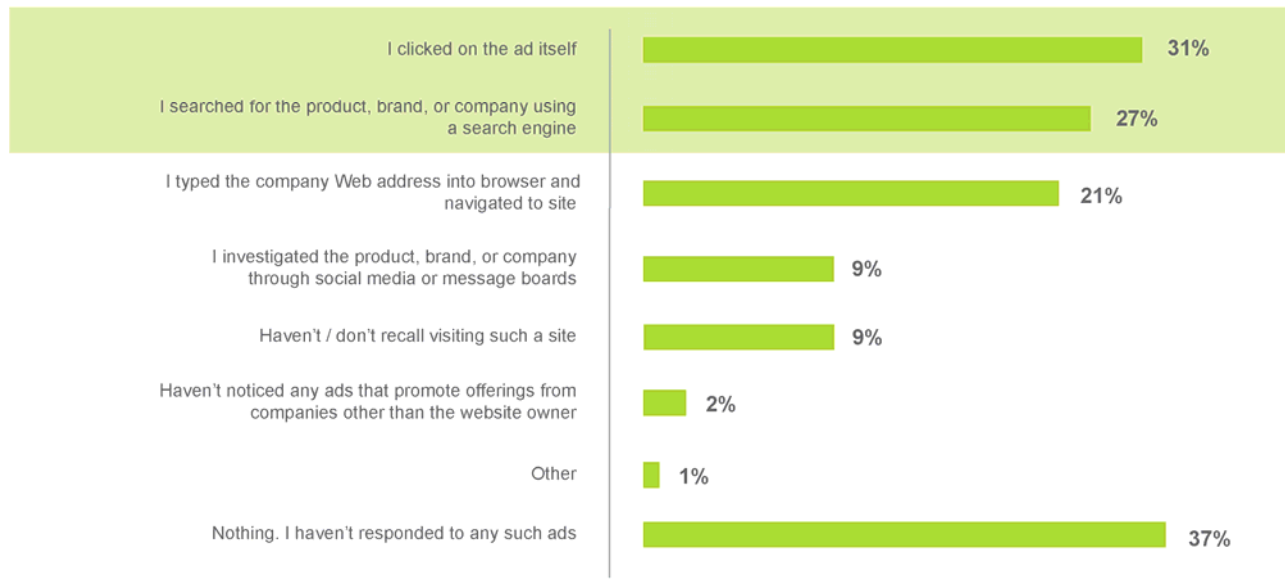
Internet users were asked:

1. "In the past 6 months when visiting an ad-supported website and viewing any ads that promoted offerings (e.g. products, content, services) from companies other than the website owner, which of the following describe your INITIAL response to each of those ads?" (Note: These sites do not include search engines) (Select all that apply)

The results are as follows:

Figure 1:

31% of Internet Users Who Respond to Online Advertising Clicked on the Ad Itself; Another 27% Used a Search Engine



Base: US Online Consumers
N=1575

Source: Commissioned Custom Research Study by Forrester Consulting on behalf of iProspect, January 2009

Analysis

The survey reveals that 31% of Internet users INITIALLY respond to online display advertising by clicking on an ad, while 27% respond by searching for the product, brand, or company by launching a search on a search engine. Furthermore, 21% of Internet users respond to display advertising by typing the company Web address into their browser and directly navigating to the website, while 9% investigate the product, brand, or company through social media venues or message boards. Overall, 52% of Internet users actively respond to display advertising in some way.

With 1 in 3 Internet users responding to online display by directly clicking on the ads, this study demonstrates that the display channel is alive and well, and that the user community aversion that once plagued “banner advertising” now appears to be a thing of the past. This attitudinal shift can probably be attributed to improved behavioral targeting techniques that enable marketers to limit the exposure of non-relevant ads to Internet users.

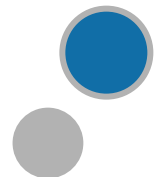
But regardless of the reason behind the mindset change, it is interesting to note that almost as many Internet users respond to an online display ad by performing a search on a search engine (27%) as those who directly click on the ad itself (31%). This finding speaks to the symbiotic relationship that exists between the two channels: Display advertising can help create demand, and search can help capture that demand. Not only is this data point a perfect example of that phenomenon in action, it also indicates that display’s effectiveness can be improved when supported by a holistic search engine marketing campaign.

And while the dynamic between the two channels makes sense from a marketing perspective, it is interesting to ponder what lies behind this behavior. Specifically, what is driving Internet users to opt to perform a search on a search engine instead of directly interacting with an online display ad?

This behavior could be attributed to a number of issues, including the possibility of a less than full understanding of the medium. Though intuitive to many, display advertising’s interactive aspect may be a foreign concept to some. Given that, it is conceivable that perhaps some percentage of Internet users don’t realize that they can click on an ad to be brought to the company website/landing page, and instead perceive it to be a static, non-interactive billboard, requiring some other more proactive response on their behalf.

Alternatively, it is plausible that some percentage of Internet users distrust the online ads and where they might take them if they clicked on one, or what type of cookie information would be stored about them if they did so. Consequently, they instead opt to search for the more generic home page of the company making the offer in the display ad.

Almost as many Internet users respond to an online display ad by performing a search on a search engine (27%) as those who directly click on the ad itself (31%).



Further still, it wouldn't be a stretch to surmise that a percentage of users opt to launch a search rather than click on a display ad directly because search has become an ingrained behavior for them, and that they are conditioned to tap into it when they seek additional information or look for further validation of the brand.

But beyond directly interacting with the ad or opting to launch a search, nearly a quarter (21%) of Internet users choose to respond to an ad by typing the company Web address into their browser and directly navigating to the website. And while we can only postulate on why users would opt for this means -- it's likely due to some of the reasons mentioned above, and maybe also speaks to an increase in online user sophistication -- the behavior demonstrates that online display advertising can affect interaction with a brand even if Internet users don't directly click on the ad.

Representing the minority of Internet users who respond to online display advertising, 9%

investigate the product, brand, or company through social media venues or message boards. A burgeoning medium, social media has a strong foothold with Internet users who regularly turn to it to gain insight on purchasing decisions through feedback from a trusted community. Given that, it is hardly surprising to see that a percentage of Internet users would respond to online display advertising in this fashion. As social media continues to expand, we would expect to see this number rise in the coming years.

While each response behavior validates the effectiveness of online display advertising, the true power of the channel is revealed in its overall response rate of 52%. This figure represents Internet users' INITIAL response to a display ad, whether they click on it directly, launch a search on a search engine, directly navigate to the site, or investigate the brand via social media. Ultimately, it speaks to the ability of online display advertising to drive interaction with a brand.

Advice for Search Marketers

This set of findings underscore one key message for marketers: Online display advertising is far from dead. Netting a 31% direct response rate, display is clearly a potent channel for marketers today, and they would be wise to leverage the medium.

However, the bigger opportunity for marketers lies in the relationship that exists between online display advertising and search engine marketing: It tells a story of improved efficacy. This is something that marketers should find compelling, especially in this dismal economic climate where they are being asked to do more with less.

Given that 27% of Internet users perform a search as their INITIAL response to an online

display ad, it's incumbent upon marketers to have a search presence. After all, online display advertising can help create demand, and search engine marketing can help capture it. Considering that, marketers should think of search marketing as insurance for their investment in display. If they are going to invest in display, then they should leverage search to help capture the demand that their display efforts create.

But capitalizing on the synergy that exists between display and search not only boosts the power of each channel, it also reduces the risks associated with not being found in the search results. For instance, marketers should consider what happens when Internet users perform a search after seeing an online display ad, and the

brand/company/product they are looking for is nowhere to be found in the search results. What are the consequences? Will the potential customer think less of that brand? Most likely. In fact, **iProspect's 2008 Blended Search Study** revealed that 39% of online users attribute brand equity to the companies and brands that appear at the top of the search results (a phenomenon known as the brand halo effect). Considering that, combined with the fact that nearly a third of Internet users are initiating a search after being exposed to online display advertising, together they form a strong argument that substantiates investing in search engine marketing to complement display advertising.

Given that 27% of Internet users perform a search as their INITIAL response to an online display ad, it's incumbent upon marketers to have a search presence.

But failing to appear in the search results poses an even bigger risk for marketers: Potentially ceding conversions to your competition. Marketers should be mindful that if their website does not appear in the search results to capture the demand that their online display advertising can create, they will instead be effectively driving 27% of Internet users to the websites of their competitors. In essence, marketers will be

enabling their competitors to capitalize on their media spend.

To avoid this situation, marketers need to be sure that they have a presence in both online display advertising and the search engine results pages. Specifically, marketers who are running online display advertising also need to participate in integrated paid and organic search engine marketing campaigns that target the keywords and messaging used in their display ads. Doing so will position marketers to capture the intent of those Internet users who choose to search for a product or brand rather than directly clicking on the ad.

Furthermore, in order for marketers to more accurately assess the effectiveness of both their online display advertising, as well as their search engine marketing campaigns, they should have some degree of attribution modeling in place in order to give appropriate credit to each of the channels that combine to generate the eventual sale.

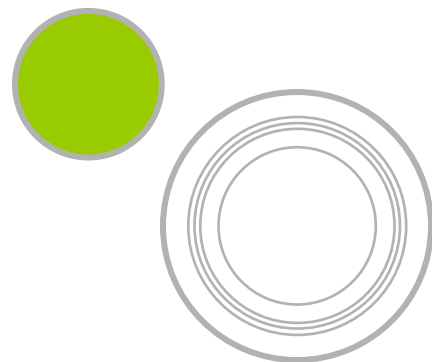
Beyond its relationship with search, display advertising has a connection with an unlikely candidate: Direct navigation to a website. Though seemingly disparate, the two have a more direct relationship than one might think, as evidenced by the fact that 21% of Internet users respond to online display advertising by typing the company Web address into a browser to directly navigate to the website. This finding should send an important message to marketers: A domain name should be intuitive – such as Mercedes.com or Staples.com. If it isn't intuitive, then marketers will risk missing this group of Internet users. Considering that, marketers should strive to secure an intuitive domain. However, if that isn't an option for some reason, marketers need to make sure that their website is found on both misspellings and the first-to-mind thoughts of what their domain name ought to be, and they need to buy these keywords in the paid search marketplace. In addition, marketers should consider conducting focus groups as an effective means to uncover a domain name that will resonate with their customer and prospect base.

Though netting a response rate less than half of direct navigation, social media (9%) not only represents a great alternative for Internet users (instead of directly clicking on an ad), it also represents both risk and opportunity for marketers. If Internet users are turning to social media venues in response to online display advertising, marketers should consider investing in online reputation management to ensure that their presence in this online genre is well cared for and devoid of caustic commentary. Marketers should capitalize on this opportunity by building out viable content on their own websites as well as proactively joining the social

media conversation; becoming part of the community; and populating these venues with content that is authentic, favorable, and useful.

While it is interesting to examine the various response behaviors in isolation, the aggregate figure (52%) demonstrates the overall power of the online display channel to drive interaction with a brand. In short, while the display channel is effective on its own – and potent enough to substantiate the investment – marketers would be wise to support it with search to boost its overall efficacy.

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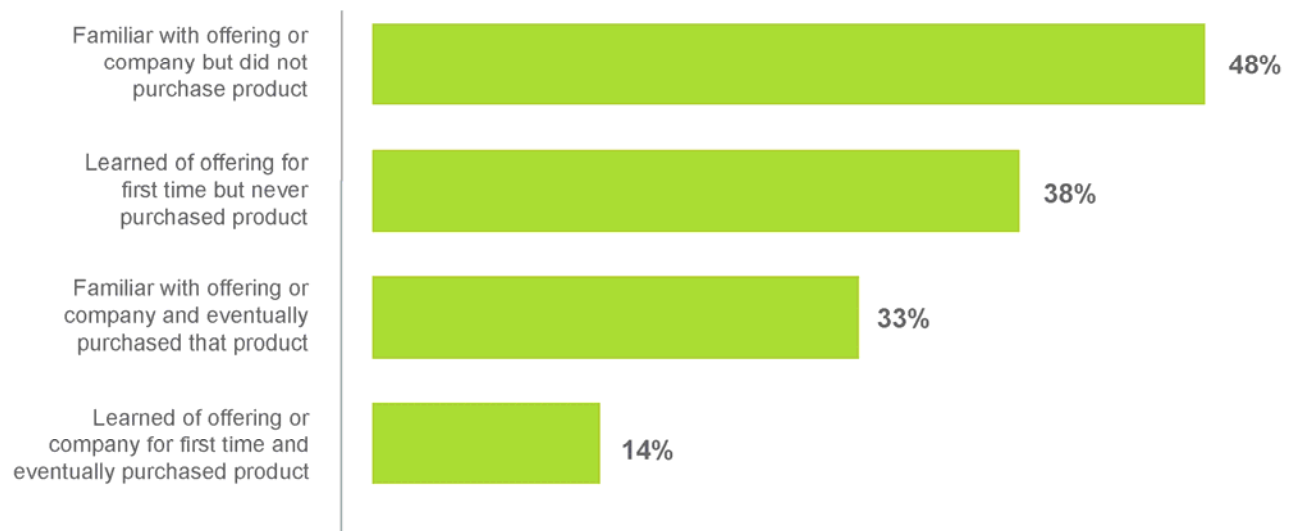
Internet users were asked:

2. "In the last 6 months when visiting an ad-supported website and responding to any ads that promoted offerings from companies other than the website owner, which of the following describe your INITIAL response to those ads as well as any purchase decisions you eventually made?" (Select all that apply)

The results are as follows:

Figure 2:

Internet Users Are More Likely to Purchase from Known Brands, and More Likely to Engage Ads with Familiar Names



Base: Those that responded to an ad in Q1 (Q1 is NOT = I haven't noticed any ads that promote offerings from companies other than the website OR I haven't clicked on any ads OR I haven't / don't recall visiting such a website)
N=813

Source: Commissioned Custom Research Study by Forrester Consulting on behalf of iProspect, January 2009

Analysis

The survey found that of the 52% of Internet Users who respond to online display advertising (see Question 1), 48% are familiar with the display ad offering or company but do not purchase the product, while 38% learn of the offering or company for the first time from exposure to an online display ad but do not purchase the product. In addition, 33% are familiar with the offering or company and eventually make a purchase of the product or from that company, while only 14% learn of the offering or company for the first time and eventually purchase the product. Overall, the study shows that Internet users are more likely to engage and/or eventually make a purchase from brands with which they are already familiar.

With that said however, it is important to note that considering that nearly half (48%) of Internet users who respond to online display advertising are familiar with an offering but don't purchase the product, this finding underscores

one of the biggest challenges of display advertising: It is interruption based. When the ad is displayed, the Internet user is not necessarily looking for such a solution, even if it is familiar to him. Given that reality, we are hardly surprised by this particular finding.

Yet the study also reveals that 38% of Internet users who respond to online display advertising learn about a brand for the first time as a result of their exposure to such an ad. This finding clearly validates display as a viable channel for building brand awareness and not just driving sales. The power of it to do exactly that can be seen in the finding that 33% of Internet users who respond to online display advertising eventually purchase a product from a company/offering with which they are familiar – more than twice the number who eventually purchase after learning of an offering/company for the first time (14%).

38% of Internet users who respond to online display advertising learn about a brand for the first time as a result of their exposure to such an ad.

Advice for Search Marketers

These findings more than substantiate the investment in online display advertising for both direct sales and brand awareness purposes, and marketers should tap into it accordingly, depending upon the need.

For instance, the online display channel represents a viable demand-generation AND demand capture vehicle for well-known brands who are leaders in their categories and/or those who invest in a lot of traditional mass-media to drive awareness. Such brands will be well-served to use online display as a direct response channel. Doing so would enable them to capture the percentage of Internet users who respond to online display advertising and eventually purchase from a company/product with which they are already familiar (33%).

However, because online display advertising also appears to be an effective channel for brand awareness and introducing Internet users to brands (and not just for generating monetary

transactions), lesser known brands and/or those who are not heavily invested in a lot of traditional mass media would be best served to utilize it as an educational or branding channel rather than for direct response purposes. This would give them the opportunity to reach nearly 4 in 10 Internet users (38%) who respond to online display advertising and learn about a company/offer for the first time. And because Internet users are more apt to purchase from companies/offers with which they are already familiar (33%), marketers should leverage display for its branding capabilities to push Internet users to a purchase decision sooner than they might otherwise make.

But in general, these findings have an overall message for marketers: Display advertising holds more value than just direct response. Given that, its performance should be assessed holistically, and not limited to direct response. Granted, this may seem like a lot to ask of marketers during such tough economic times, but failing to do so actually holds far greater risk.

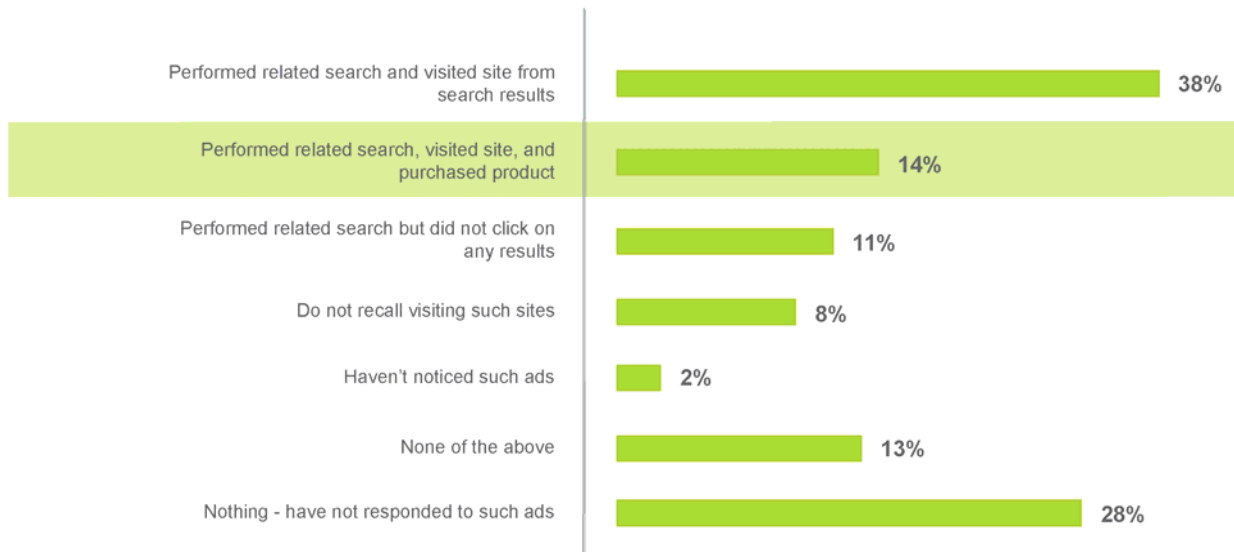
Internet users were asked:

3. "In the last 6 months when visiting an ad-supported website and responding to any ads that promoted offerings from companies other than the website owner, which of the following describe any searches using a search engine you may have EVENTUALLY performed as a result of the ads you saw?" (Select all that apply)

The results are as follows:

Figure 3:

Fourteen Percent of Internet users Eventually Purchased the Product Originally Seen in the Ad, Having Searched Further as a Result



Base: US Online Consumers
N=1575

Source: Commissioned Custom Research Study by Forrester Consulting on behalf of iProspect, January 2009

Analysis

The survey found that of the 52% of Internet users who respond to online display advertising (see Question 1), 38% EVENTUALLY perform a search for the company, product, or service that was the focus of the online display ad and then visit the website from the search results; while 14% do the same but actually purchase the product. Furthermore, 11% perform a related search after being exposed to an online display ad but do not click on any results. Overall, 49% of Internet users who respond to online display advertising eventually perform a search related to the ad to which they were exposed.

If there was ever any doubt that display drives search, this set of findings refutes it once and for all. Given that nearly 4 in 10 Internet users (38%) eventually perform a related search and then visit the website from the search results, the relationship between the two channels appears tighter than many may have realized.

But what is driving that close connection? It is our hypothesis that Internet users are driven to search by display because they are seeking validation of the brand, product, or offering. Ostensibly, Internet users are motivated to take these additional steps (launch a search and visit the site) to either confirm their beliefs or suspicions about something contained in the ad.

This behavior is understandable and speaks to the brand halo effect noted in our other research

(mentioned earlier in this study) –

The iProspect Blended Search Study (2008).

Again, the findings from that study reveal that 39% of Internet users attribute brand equity to the companies and brands that appear at the top of the search results, and that they consider them to be leaders in their respective fields. Though entirely conjecture, it is certainly plausible that this very effect is what motivates 14% of Internet users to launch a related search, visit the website, and actually make a purchase.

But our validation hypothesis gains even more credence when the following finding is taken into consideration: 11% of Internet users launch a related search after exposure to an online display ad, but DO NOT click on any of the results. Clearly, their behavior speaks to the need for validation by the search engines, and the overall power of search to create a brand halo effect.

Ultimately, nearly half (49%) of Internet users who respond to online display ads eventually perform a search related to the ad to which they were exposed. Not only is this a strong indicator of the power of online display to drive search behavior, but it also speaks to the fact that marketers will miss a considerable portion of potential website visitors if they don't support their online display advertising efforts with the search engine marketing channel.

Nearly half (49%) of Internet users who respond to online display ads eventually perform a search related to the ad to which they were exposed.

Advice for Search Marketers

This set of findings once again speaks to the symbiotic relationship between online display advertising and search. Given that, the same advice as previously put forth holds true: Marketers who invest in the online display advertising channel must support it with search engine marketing. In short, they must also be participating in paid and organic search campaigns that target the keywords and messaging used in their online display ads in order to capture the intent of those Internet users who choose to search for a product or brand, rather than clicking on the ad itself. Once again, marketers should consider search to be insurance for their display efforts as it will ultimately boost display's effectiveness. And as also indicated earlier, marketers will want to have some degree of attribution modeling in place in order to give appropriate credit to each of the channels that combine to generate the eventual conversion.

However, this set of findings contains an additional element that underscores the importance of leveraging search engine marketing to support online display advertising. The difference is the latency factor – the degree to which searches EVENTUALLY take place after exposure to an online display ad (regardless of the INITIAL response to the ad). Because of this latency, we see the number of Internet users who turn to search after exposure to an online display ad nearly double from 27% to 49%. (In Question 1, 27% of Internet users turned to search as their INITIAL response to a display ad, but in Question 3, 49%

EVENTUALLY turned to search as their response.) Given that, marketers who fail to support display with search could end up missing out on nearly half of potential website visitors.

Today, marketers need to be mindful that all mediums drive users to search, including display. TV drives search behavior. Radio drives search behavior. In fact, **iProspect's Offline Channel Influence on Online Search Behavior Study** revealed that 67% of online users are driven to search from exposure to some offline channel, and that 39% ultimately convert, purchasing from the very company that caused them to launch their search after their initial exposure to some offline channel's messaging.

But beyond display's power to drive search behavior, this set of findings also speaks to the motivation underlying why Internet users so readily turn to it. Again, our hypothesis is that they are seeking validation of something contained in the display ad, whether it's the brand or the offer itself. Given that, to truly capitalize on the opportunity, marketers need to not only be cognizant of this mindset, but they also need to incorporate it into their efforts so Internet users can easily get the validation they seek. For example, marketers need to ensure that their website is well optimized and indexed in the search engines, and that the brand, keywords, messaging, creative, and offers detailed in their display ads are mirrored on their site and are easily accessible.

About iProspect's Research

Founded in 1996, iProspect is the Original[®] Search Engine Marketing Firm. We help organizations with large, complex websites increase their online ROI and market reach through natural search engine optimization, paid search advertising management, online display advertising management, paid inclusion management, shopping feed management, global search engine marketing, Web analytics/attribution modeling, reputation management, and other related services. By dramatically increasing business results for clients, iProspect helps to create search marketing heroes every day.

iProspect has a long legacy of research and thought leadership in the search marketing industry:

[iProspect's Search Engine Marketing Integration Study](#) in August 2008

[iProspect's Blended Search Results Study](#) in April 2008

[iProspect's Offline Channel Influence on Online Search Behavior Study](#) in August 2007

[iProspect's Search Marketer Measurement & Performance Study](#) in June 2007

[iProspect's Search Marketer Social Networking Study](#) in May 2007

[iProspect's Social Networking User Behavior Study](#) in April 2007

[iProspect's Search Engine User Behavior Study](#) in April 2006

[iProspect's Natural SEO Outsourcing Study](#) in August 2005

[iProspect's SEO Metrics & ROI Study](#) in August 2005

[iProspect's Search Engine Marketer Performance Study](#) in August 2005

[iProspect's Natural SEO Keyword Length Study](#) in November 2004

[iProspect's Search Engine User Attitudes Study](#) in April 2004



Findings from iProspect research are regularly used to enhance our service offerings and to educate clients on search engine marketing best practices and industry trends. iProspect studies are frequently quoted by speakers at search marketing industry events, and by both business and trade press.

Proper attribution requires that any references to the study be clearly identified as coming from the "iProspect Search Engine Marketing and Online Display Advertising Integration Study."

With U.S. offices in Boston, San Francisco, Chicago and Dallas Fort-Worth, as well as offices **across the globe**, iProspect can be contacted at 1.800.522.1152, or by visiting **www.iprospect.com**.

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