



Search Ads + Banner Ads:

A Powerful One-Two Punch

An Advertiser's Guide to How Search and Display Together Deliver
the Best Return on Advertising Spend

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Abstract

Search engine marketing (SEM) and pay-per-click (PPC) marketing services—such as Google AdWords, Yahoo! Search, and Microsoft adCenter—have become extremely popular, growing to a \$10 billion industry in just a few years. These services deliver predictable results, straightforward targeting capabilities, and clear metrics to demonstrate return on advertising spend (ROAS).

As a result, search ads have become an advertising mainstay—and for some businesses, even a standalone strategy. Many advertisers have avoided using other channels such as display advertising, because they can be too costly or difficult to execute and measure.

Recently, however, display advertising technology has begun to make dramatic advances, putting it within reach of all advertisers, regardless of advertising budget. Banner ads can now be as easy and cost-effective as search ads, with similar metrics to prove ROAS. Display ads also offer advantages that search cannot, including the ability to build brand awareness, scale with growth, and reach new customers when they aren't actively searching—which is about 95% of the time.

This white paper will explain the value of online display advertising, and how search and display advertising can be used together as a powerful, one-two punch. The paper will detail the advantages and disadvantages of search ads, the benefits of display advertising, and how the two can work together in harmony to drive sales more effectively than either channel by itself.

Search Ads: Effective, but Limited

Search advertising reaches customers at a pivotal point in the buying cycle. Your ad appears on a results page whenever a customer searches using target keywords that you select, and you only pay when someone clicks on your ad, not for the impression alone. Ideally, a customer finds your ad, clicks through to a landing page, and then buys your product or service.

Once you get your ad on a desirable results page, the playing field is relatively even. Search ads are limited to text, so advertisers don't have to compete with flashy graphics or other visual elements to draw a customer's eye. You just need to research, test, and frequently reevaluate your keywords and ad copy to make sure the ad is positioned well and placed in front of the greatest number of qualified customers.

Search ads perform well when properly managed, although lean budgets have led advertisers to scrutinize advertising initiatives more closely in order to maximize ROAS, causing them to question the effectiveness of search-only campaigns. These advertisers have discovered that search has four main areas of weakness:

1) **The search ad market is increasingly competitive.** More than one million companies use search ads, compared to less than 50,000 companies running display ads. This makes popular keywords very expensive. For example, Google includes no more than eight search ads on its first results page—so for a popular keyword like “shoe,” the price to be included on that first page is prohibitive.

2) **Search campaigns don't scale well.** Search ads are inherently limited: they only appear on a given search engine site, and they rely on a customer typing in the specific keywords you've chosen. After you've chosen an array of relevant keywords and paid for prominent placement, further budget invested in search advertising produces diminishing returns.

3) **Search ads offer limited branding and awareness benefits.** The inability to use logos, images, and other visual elements makes differentiating your business much more difficult. In contrast, rich banner ads let you make a more memorable impact.

4) **Search ads only work when customers are searching—about 5 percent of the time.** The rest of the time (95 percent), customers are browsing Websites (see Figure 1.0)¹.



Figure 1.0

New research is helping businesses better reevaluate their advertising investments, which are often disproportionately dedicated to search advertising. Microsoft's Atlas Institute recently highlighted the missed opportunities associated with search-only campaigns. In the report, Atlas analysts speculate that marketers only looking at search and related click-through are missing 94 percent of their total engagement touchpoints."

Display Ads: Easy, Affordable, and Powerful

Display ads offer advantages that search advertising cannot, including the ability to scale with growth, build brand awareness (with color, images, logos, and other visual elements), and reach new customers when they aren't actively searching.

But small- to medium-sized businesses have avoided display advertising for years because of its cost and complexity. Banner ads have required significant creative resources to produce, and agencies can often charge thousands or tens of thousands of dollars for a campaign. Testing and optimizing creative content across different banner sizes can account for a large part of this expense, and prolong the launch period of a campaign.

In addition, display advertising has not provided the reporting and analytics to easily prove ROAS and justify investments. Negotiating multiple media buys with various publishers and networks—often with prohibitive minimum spends—has also made using display advertising even more difficult.

Combined, such hurdles have prevented many businesses from looking beyond search advertising—until now.

Advances in display advertising technology have minimized these obstacles, and now even smaller advertisers can take advantage of tested creative templates, centralized access to ad networks, and analytics to prove ROAS similar to those used in search campaigns. These advances have also given larger companies and agencies the ability to build and quickly test creative.

Further validating the power of display advertising, the Online Publisher's Association released a study in June 2009 titled "The Silent Click: Building Brands Online"ⁱⁱⁱ that evaluated effective ways to measure the impact of branding campaigns, as opposed to the click-based metrics of services like Google AdWords. In partnership with comScore, the association looked at 80 of the largest branding campaigns across 200 of the most visited sites.

They analyzed the behavior of consumers exposed to banner ads over a month, measuring 1) searches conducted related to the advertisers' brands, 2) the traffic driven to the advertisers' sites, and 3) consumer spending related to the advertisers' brands.

For consumers exposed to branded display advertising campaigns, the research found that:

- one in five conduct related searches
- one in three visit the brands' sites
- users spent more than 50 percent more time than the average visitor on these sites and consumed more pages
- users spent about 10 percent more money online overall, and significantly more on product categories related to the advertised brands
- higher income audiences visited the advertisers' sites

This research indicates that display advertising can no longer be ignored by businesses building their brand and sales pipeline on the Web. And while it can be used as an alternative strategy to search advertising, display advertising combined with search can deliver a particularly powerful impact.

The Case for Using Search and Display Together

While the end goal of search ads and banner ads is the same—to drive sales and awareness—these two approaches target customers in very different ways. Once a customer leaves a search results page, they leave those search ads behind, too. And if a company is not listed on the first page of results, the chance of being overlooked increases dramatically.

However, if display advertising is used together with search advertising, a marketer can reach that same customer again, after they leave the search results page (or even before they initiate a search). This ability makes display ads an especially attractive option for companies unable to compete for priority search page ranking.

Customers have a direct path to your Website through your search ads. But if a customer clicks on a search result instead of your ad, banner ads at the Website they go to can steer them back in your direction.

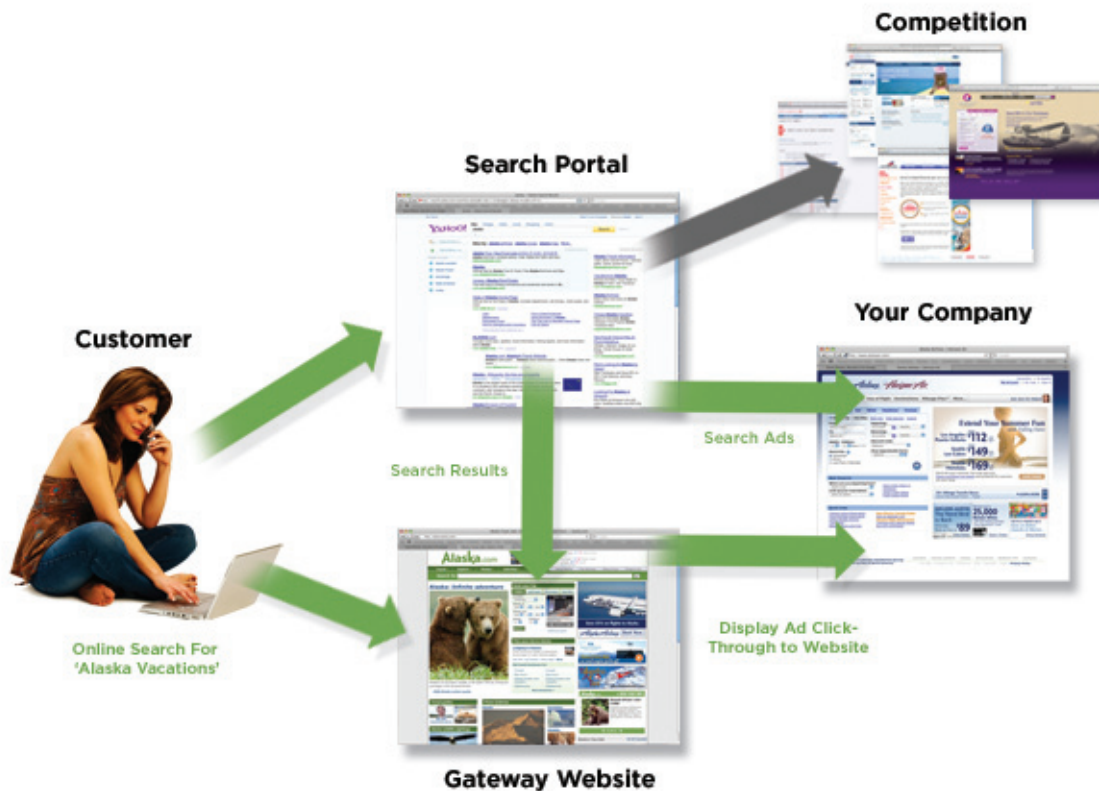


Figure 2.0

Search and display advertising together also deliver profoundly better performance than when used independently, according to an “Atlas Digital Marketing Insight Report”^{IV}. Together, they provide a significant lift in onsite engagement, and an increase in online and offline purchasing by consumers exposed to integrated campaigns.

The Atlas Institute reports that display ads actually improve search performance, since interest generated from display advertising carries over to consumer search behavior. For example, the study showed:

- a 22 percent increase in click-through rate (CTR) when companies run search and display campaigns together, compared to the same programs alone (figure 3.0)
- an increase in related trademark term searches (such as brand name, company, and product names)
- higher click-to-conversion rates in search campaigns, making search clicks more valuable when complemented by display

Conversions

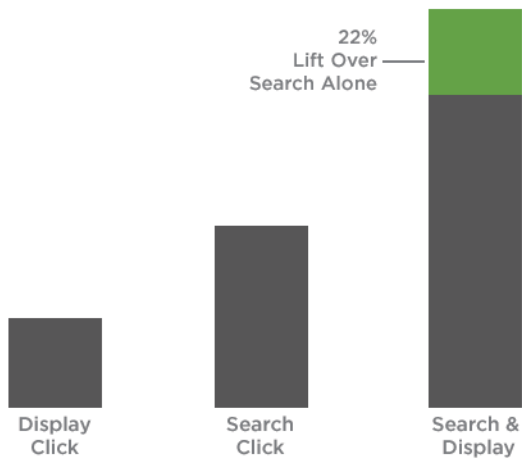


Figure 3.0

A combined search and display advertising campaign works because it is based on the proven multi-touch principle, founded on the marketing maxim that prospects often don't become customers until they've gotten several "touches." For example, a clothing retailer might inform customers of a sale multiple times and in multiple ways (such as with e-mail, direct mail, and a kiosk advertisement in a mall). A search and display advertising strategy is the online equivalent to this repetition-based style of marketing.

Research continues to confirm this relationship between search and display: In a recent study by Yahoo! Inc. and comScore titled "Close the Loop: Understanding Search and Display Synergy,"^v the combined use of search and display produced on average:

- a 244 percent increase in purchases of an advertiser's products online
- an 89 percent increase in purchases of an advertiser's products offline
- a 68 percent increase in page views on an advertiser's site
- a 66 percent increase in time spent on an advertiser's site

In another related study, search marketing firm iProspect teamed with Forrester Consulting^{vii} to determine how display advertising can help improve the effectiveness of search. They stated that "despite considerable speculation about the relationship between search engine marketing and online display advertising over the years... the two channels have a closer relationship than many marketers may have thought."

iProspect cites that 52 percent of Internet users actively respond to online display advertising. Nearly the same number of users respond to display advertising by performing a search as those who directly click on a banner—and about 50 percent of Internet users perform searches related to banners they have previously seen^{vii}.

Based on these results, it is clear that display ads continue the sales process started by search ads, increase the effectiveness of search ads, and provide a unique opportunity to make a branding impact on potential customers—a key method for driving future purchases.

How to Run a Display Campaign in Four Easy Steps

AdReady has pioneered a quick and easy Do-It-Yourself program to help marketers design, launch, and measure banner ad campaigns across Google, Yahoo!, and thousands of other publishers and networks—reaching more than 90 percent of all Web users. With a library of more than 800 tested ad templates and adjustable budget spend options, all marketers can now rapidly launch a campaign, even with limited budgets and timeframes.

In fact, every month AdReady advertisers generate nearly five million clicks, place over 10,000 ads, and receive over two billion impressions, with more than 20 billion impressions served to date.

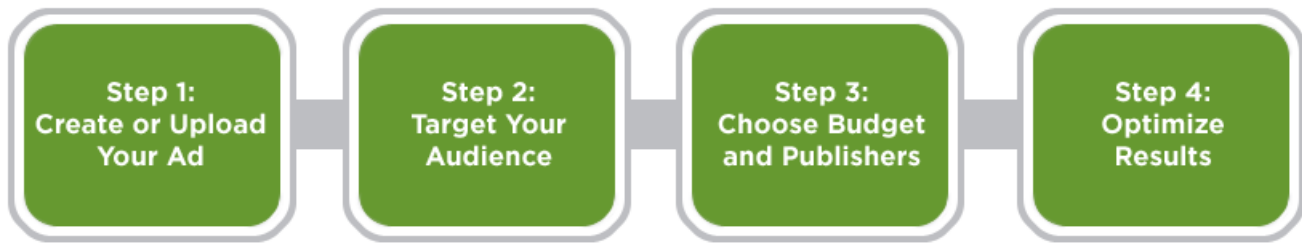


Figure 4.0

To launch a display advertising campaign using the AdReady Do-It-Yourself service, follow these four easy steps:

Step One: Create Or Upload Your Ad

Go to AdReady's Website (www.adready.com) and click on "Do-It-Yourself." You can view hundreds of ad templates, and sort by the best performers, most used, or newest templates. After selecting a template, change or modify the text, image, and colors, and add a custom logo. If you already have a preferred ad that you've designed or used in the past, you have the option of uploading that instead. AdReady will automatically generate all seven standard IAB-sized banners (plus a static version of each), to accommodate unique site requirements and extend your reach as far as possible.

Step Two: Target Your Audience

Using AdReady's wide inventory of placement options, select the target audience for your ad. Specify the destination URL (where the customer will be led after clicking on the banner), the types of sites where the ad will appear, and the geographic area (state and city).

Step Three: Choose Budget and Publishers

Next, choose where you want your ads to run and how to break down your budget. Edit a list of keywords automatically suggested based on your destination URL, designate a timeframe and monthly budget, and divide your budget between various networks and advertising exchanges.

Step Four: Optimize Results

Once a campaign is launched, review reports that show the number of impressions, clicks, CPM (cost per thousand impressions), and more. While the campaign is active, you have the ability to make changes on the fly, which protects your investment by zeroing in on the most successful campaigns, so you can continuously improve campaign ROI.

AdReady Premium

AdReady also offers AdReady Premium, a service that gives advertisers access to discounted media, advanced targeting features, and top publishers. With AdReady Premium, a hands-on account management team helps you create, measure, and optimize campaigns.

To learn more about launching display ads in conjunction with your search campaign, go to www.adready.com.

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II. Atlas, a Microsoft Subsidiary. "Engagement Mapping: A New Measurement Standard is Emerging for Advertisers," Microsoft Atlas Institute, 2 (2008).

III. Schneiderman, Stuart. "The Silent Click: Building Brands Online," Online Publishers Association and comScore Networks, 13, 15, 16, 18, 24 (2009).

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