

Prioritize Search To Maximize The ROI Of Marketing

Search Is A Key Amplifier Of Other
Marketing Channels

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Executive Summary

Comparing the true performance of digital channels against traditional media is no easy task, and as a result many marketers are hesitant to shift their acquisition budgets to digital channels at the same rate that their customers are adopting them. Channels at the forefront of customer acquisition — such as paid search — are synergistic amplifiers of other media channels but often do not receive investment levels commensurate with their potential value. This can be a missed opportunity for many marketers looking to optimize their marketing strategies.

In August 2016, Microsoft and Catalyst commissioned Forrester Consulting to evaluate companies' marketing mixes in the digital age and, in particular, the role of search in the digital media mix. To further explore this trend, Forrester developed a hypothesis that leading marketers leverage best-in-class paid search and search engine optimization (SEO) in order to amplify discovery across all platforms, media, and outlets that consumers use.

Many marketers are hesitant to shift their budgets to new channels at the same rate their customers are adopting them.

Forrester conducted online surveys of 300 US-based marketing agencies and business-to-consumer (B2C) advertisers and compared this with Forrester's Consumer Technographics® data, which shows customer adoption and perceptions of various channels that customers use throughout their buyer journey. Our study found that while search is an influential channel for consumers, there are laggard marketers who have not recognized its full value. When utilized well, search can be a key amplifier of other media channels, a brand-awareness tool, and a conversion tool. As the top channel for customer engagement, it provides marketers with critical intent data, which traditional media cannot.

KEY FINDINGS

Forrester's study yielded three key findings:

- › **Search is the primary source for customers to find information.** Most of your customers find new information and websites through search engines.¹ And search can also be more influential than offline media: 19% of consumers identified search as the most influential

channel when researching their most recent purchase, versus only 7% who said the same for any form of offline media.

- › **Advertisers perceive better performance over traditional media.** Marketers who have ramped up their search programs with innovative tools and tactics ranked the ROI of search above all other media except organic social. Marketers reported that their customers find them using search more than any other channel.
- › **Search delivers the greatest value when used in tandem with other channels.** Forrester's data shows that search is better than traditional media at boosting the performance of other media channels, among other key benefits. Due to its widespread use among consumers, search is a critical piece of the modern marketer's toolkit.

By strategically integrating search with other channels, you can create a program that is more than the sum of its parts.

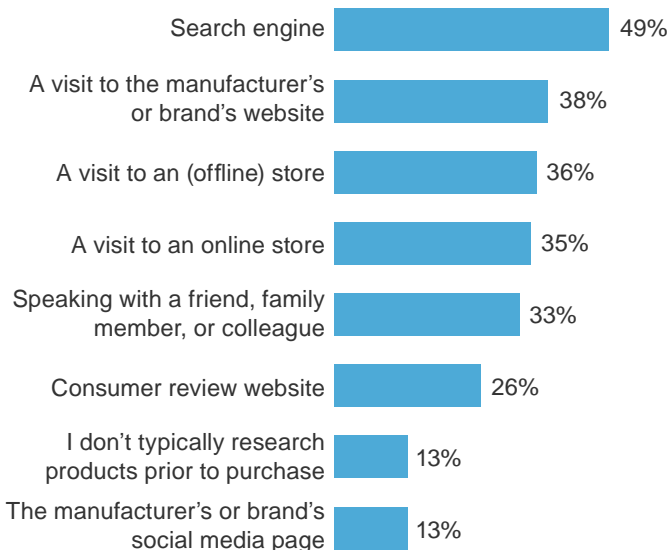
Search Marketing Dominates Customer Acquisition

Forrester expects the global online population to grow from 3.4 billion users in 2016 to 4.2 billion in 2019.² The prevalence of digital consumption among consumers is driving marketers across industries and geographies to invest in digital channels. But the increase in media options has challenged marketers to determine which digital channels to invest in to deliver value and drive revenue. The answer for the majority of marketers is search. Our study found that search marketing is:

- › **The primary source for customers to research brands, products, and services.** Marketers' investment in digital — and search in particular — is not unwarranted. In fact, Forrester's Consumer Technographics data shows that as of 2015, 49% of US consumers reported that they typically use search engines to research brands, products, and services that they are considering buying — and search engines topped our list of choices (see Figure 1).

FIGURE 1
Consumers Rely On Search To Inform Purchase Decisions

“Which of the following sources of information do you typically use to research brands, products, or services you're considering buying?”



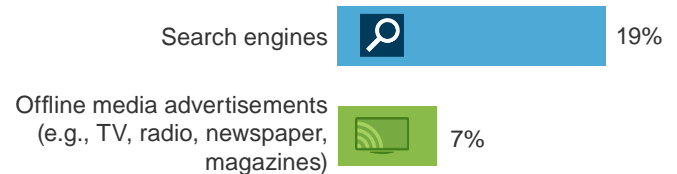
Base: 4,532 US consumers who have made a purchase in the past three months

Source: Forrester's North American Consumer Technographics Customer Life Cycle Survey 1, 2015

- › **Highly influential in customer purchase decisions.** Our Consumer Technographics data shows that search engines are the second-most used source of information to help influence purchase decisions behind only personal recommendations from friends and family. Additionally, 19% of respondents identified search engines as the *most* influential source in driving their purchase decisions — at almost three times the rate of combined offline media, including TV, radio, and newspaper ads (see Figure 2).

FIGURE 2
Search Engines Are More Influential Than Traditional Media To Consumers' Purchase Decisions

“Thinking of the sources you used to research the most recent purchase, which were most influential in helping you with your decision?”



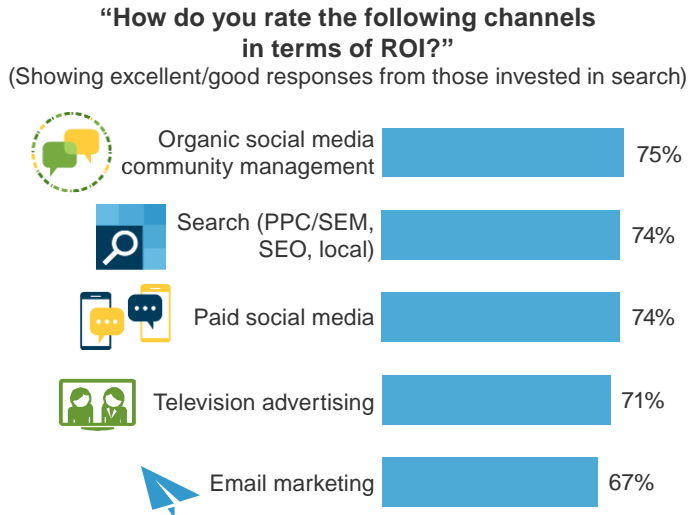
Base: 5,431 US consumers who have made a purchase in the past 3 months

(“Don't know” responses not shown)

Source: Forrester's Consumer Technographics North American Retail And Travel Customer Life Cycle Survey, Q1 2016

- › **A key driver of marketing ROI.** We asked respondents about their perceptions of the ROI of various marketing channels. Those who are invested in search in 2016 rated search as having an extremely high ROI, roughly tied for the top spot with social media. In fact, 74% of these respondents rated the ROI of search as “good” or “excellent,” versus the only 1% who rated the ROI as “poor” (see Figure 3). The intensifying competition among search engines is driving innovation in the space, which will continue to increase the ways in which brands can engage with searchers and further increase the value of their investments.³

FIGURE 3
Marketers Using Search Rate The ROI Highly



Base: 134 US-based marketing agencies and B2C advertisers across industries

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft and Catalyst, August 2016

But Marketers Struggle With Advancing Their Search Programs

Search marketing was one of the first digital marketing tools in a direct response advertiser’s repertoire. Today, direct response advertisers who have invested heavily in paid search for years are beginning to see diminishing returns.⁴ At the same time, traditionally laggard industries in search marketing, like business-to-business (B2B) and consumer packaged goods (CPG), are beginning to ramp up spend in search.⁵ Regardless of industry, search marketers need to continue to innovate and invest in their search programs to drive sales and brand awareness. Our study found that marketers are struggling to do that:

- › **Marketers have trouble evaluating channels against each other.** Competing business demands force marketers to rely on hard attribution data to develop and support their cross-channel investment strategies. Unfortunately, their attribution models today do not necessarily paint an accurate reflection of the consumer engagement with cross-channel touchpoints, which inhibits them from moving budget fluidly from channel to

channel. Our study found that 53% of marketers cited cross-media attribution as one of their top three challenges in budget allocation, and 53% cited a lack of data to inform their strategies (see Figure 4).

FIGURE 4
Budget Allocation Is Complicated By Competing Business Demands And Poor Attribution



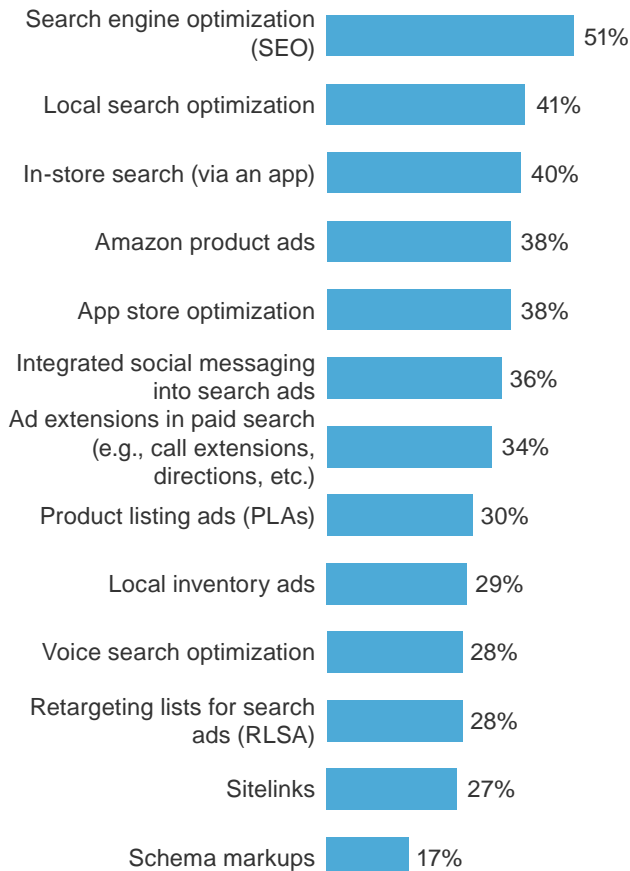
Base: 300 US-based marketing agencies and B2C advertisers across industries

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft and Catalyst, August 2016

- › **Many innovative applications of search have low adoption.** Another key contributor to the perception of low ROI for search among some marketers is that they aren’t using modern tactics — possibly because they aren’t aware of them. Providing accurate site descriptions and optimizing keywords in search engines are still best practices for search optimization, but they are just table stakes.⁶ Advanced marketing organizations are going well beyond basic keyword search functionality, incorporating tactics such as guided search, sitelink extensions, schema markups, local inventory ads, and voice search optimization. Our study found that such advanced search tactics have relatively low adoption, which indicates a large opportunity for most marketers to take their search programs to the next level (see Figure 5).

FIGURE 5
Many Search Tactics Have Low Adoption

“Which of the following search tactics does your company use or plan to use in 2016?”



Base: 300 US-based marketing agencies and B2C advertisers across industries

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft and Catalyst, August 2016

Use Search In Tandem With Other Channels For Greatest Value

Despite attribution woes, marketers and consumers alike recognize that search is a top channel both in terms of usage and influence.

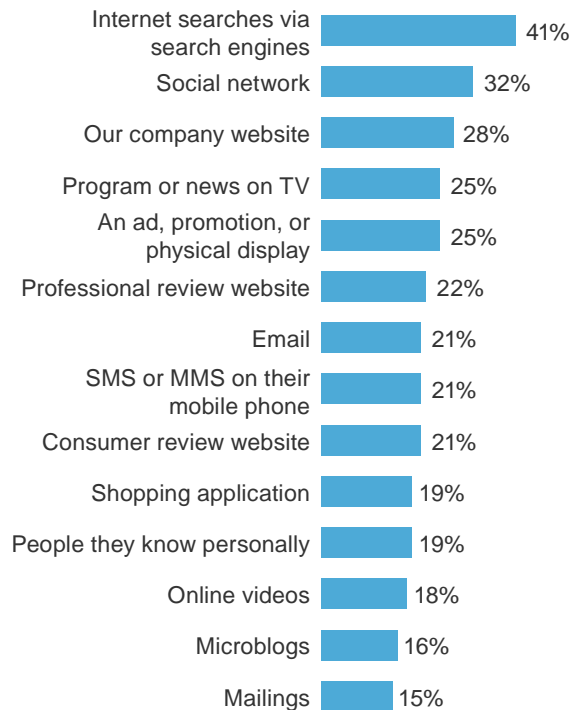
Search is a powerful standalone channel, and it is even more effective when used as an overlay channel that amplifies the message of other channels and helps consumers along the decision journey toward action/conversion.

Savvy marketers use search as an information source for other channels, as it provides deep insights into consumers. They also integrate search into other digital channels such as social networks, website functionality, mobile apps, and connected storefronts. Our study found that:

› **Marketers should prioritize search because their customers do.** Ultimately, marketers' primary goal is to be present in the places that consumers want to find them. This means investing in an integrated mix of channels designed to create brand awareness and facilitate positive experiences with customers. Our study asked US marketing agencies and B2C advertisers what channels their customers most frequently use to find information about their companies, and found that they believe search is the most frequently used channel (see Figure 6). Paired with the fact that consumers identify

FIGURE 6
Marketers Must Be Discoverable Across Channels

“Which of the following sources do your customers frequently use to find information about your company?” (% ranked in top five)



Base: 300 US-based marketing agencies and B2C advertisers across industries

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft and Catalyst, August 2016

search as the second-most influential channel behind personal recommendations, it is logical that marketers would invest in search as a top priority.

› **Marketers believe search activities are more connected to the performance of other channels.**

Digital advertising and video-on-demand capabilities challenge traditional TV budgets as advertisers take advantage of digital ads' precision targeting and scheduling flexibility and programmatic buying's efficiency. As a result, Forrester projects that while traditional advertising will grow at a paltry 1% annually, digital display will grow at almost 14%.⁷ Marketers looking to optimize their media spends should shift dollars to channels that are more likely to amplify their other channels — and this is where search really shines. Our study found that marketers believe that compared with TV, search is more likely to boost the performance of their investments in other media channels, is more integrated into their marketing programs, and helps to better connect with customers throughout the customer life cycle (see Figure 7).

FIGURE 7

Marketers Believe Search Activities Are More Connected To the Performance Of Other Channels When Compared With Television

“To what extent do you agree or disagree with the following statements about your company’s use of paid search/SEO/television?” (Completely/somewhat agree)

	Paid search	SEO	Television
“Boosts the performance of our investments in other media channels”	81%	84%	77%
“Is integrated into our/our clients’ other marketing channels and programs”	80%	82%	72%
“Provides valuable customer insights and behavioral data”	78%	79%	71%
“Helps us/our clients acquire new customers”	77%	82%	70%
“Helps us/our clients connect with customers through out the consumer lifecycle”	79%	84%	72%
“Allows us to quickly test and refine messaging for online and offline initiatives”	79%	79%	67%

Base: 300 US-based marketing agencies and B2C advertisers across industries

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft and Catalyst, August 2016

Key Recommendations

With all of the rich customer data generated by digital channels, marketers should no longer be arbitrarily increasing their media budgets year over year. To increase acquisition and enable discovery, marketers must align their budgets with the channels that are most impactful — and search will inevitably play a critical role. In order to take your search program to the next level, consider the following steps:

- › **Find search a more prominent seat at the planning table.** Industry research consistently supports the value of search from a consumer and ROI perspective. Therefore, it is critical that brands properly fund their search campaigns. Whether the campaign goal is consumer discovery, amplification of other media efforts, or direct response, a well-managed and well-funded search program can drive positive business results. If search is not providing the desired returns for your brand, you should re-evaluate your search efforts as well as the attribution model or analytics platform used for measurement.
- › **Determine how your customers find information.** Start by doing some customer journey mapping to understand if your customers actively find you through search engines. Website analytics and search engine-side analytics can provide traffic and query data to help identify how consumers are finding your website. Make sure that you're uncovering any blind spots in your analytics data by comparing against external sources — industry statistics such as Forrester's Consumer Technographics data and technologies related to customer segmentation can assist.
- › **Phase in advanced search tactics.** Consumers are often using more than one device at once, and they usually consult more than one channel over the course of their purchase journey. There is a lot of opportunity for marketers to better integrate search with other channels. Forty-four percent of US online adults use internet-connected devices at least half the time they're watching video on a TV screen. Aligning and integrating search initiatives with TV and other media can help maximize all media investments. Advanced tactics such as scripting, click-to-call ads, and mobile amplification can add a direct response layer to offline media. Marketers should target these types of intersections between paid search campaigns and other channels to enable deeper engagement with customers during their moments of discovery and research.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 300 US-based marketing agencies and B2C advertisers to evaluate their adoption and perceptions surrounding various marketing channels, with particular focus on their use of search. Survey participants included marketers with responsibility for media budgets. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began and was completed in August 2016.

Appendix B: Supplemental Material

RELATED FORRESTER RESEARCH

“Brief: Evaluate Your Search Marketing Programs,” Forrester Research, Inc., August 26, 2016

“Brief: Search Marketing Innovations To Watch,” Forrester Research, Inc., August 10, 2015

“Brief: Cognitive Search Is Ready To Rev Up Your Enterprise’s IQ,” Forrester Research, Inc., May 2, 2016

“2016 Mobile And App Marketing Trends,” Forrester Research, Inc., January 25, 2016

Appendix C: Endnotes

¹ Thirty-six percent of US online adults have found new information and websites through organic search listings within the past month. Source: “The State Of Search Marketing, 2014,” Forrester Research, Inc., December 16, 2014.

² Source: Current online population: Internet Live Stats (Internetlivestats.com); Forrester projections: “Assessing The Digital Marketing Opportunity Across The Globe,” Forrester Research, Inc., May 19, 2015.

³ Learn more about innovations in the search marketing space. Source: “Brief: Search Marketing Innovations To Watch,” Forrester Research, Inc., August 10, 2015.

⁴ Source: “US Digital Marketing Forecast, 2014 to 2019,” Forrester Research, Inc., November 4, 2014.

⁵ Search is growing overall across industries and geographies. The US paid search market is expected to grow at a five-year compound annual growth rate (CAGR) of 7.8% to reach \$50 billion by 2021. Source: “Forrester Data: Search Engine Marketing Forecast, 2016 to 2021 (Global),” Forrester Research, Inc., September 1, 2016.

⁶ Source: “Brief: Evaluate Your Search Marketing Programs,” Forrester Research, Inc., August 26, 2016.

⁷ Source: “Making Sense Of The Video Ad Ecosystem,” Forrester Research, Inc., August 5, 2015.