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DOSSIER

THE FUTURE OF GEO-TARGETING
FOR PAID SEARCH

OPTIMIZE YOUR DIGITAL MARKETING
RFP PROCESS

ZEROING IN ON THE
FULL VALUE OF MOBILE TRAFFIC

HOW GOOGLE CAROUSEL IS IMPACTING PAID SEARCH
AND WHAT YOU CAN DO ABOUT IT

EFFECTIVELY SCALING PRODUCT LISTING ADS
REQUIRES A SEARCH MARKETER'S TOUCH

RKG

LETTER FROM:

GEORGE GALLATE CEO

Welcome!

Since the last issue of Dossier we've been advised of several accolades for which we'd like to say thank you to our clients and industry friends.

First, we were included for the third year in Deloitte's Technology Fast 500. This recognition is based on growth and it is all the more important to us as we continue to invest in developing our own proprietary technology to be a service and performance differentiator at RKG.

Also for the third time, we were included in the Inc. 5000 list, coming in at position 1,889. Of more significance, we were recognized in two categories on Inc.'s Hire Power awards for job creation, placing 11th overall in the Marketing & Advertising sector, highest in the search industry, and as the 8th largest private job creator for Virginia-based companies. At this critical time for our economy we'd like to say thank you for your continued confidence in RKG.

Over the summer we completed the conversion to Enhanced Campaigns for all of our PPC clients, as well as updated our technology to ensure we continue to deliver an ongoing competitive advantage with our proprietary bidding platform. We're happy to report that this has gone flawlessly and we are continuing to refine our approach to this new paradigm, as George Michie outlines in this edition of Dossier.

In the fall we visited Dallas for the next leg of the RKG Roadshow. After an afternoon of interactive sessions we all enjoyed watching the Texas Rangers play (& win). If you're interested in attending the Roadshow when we're in your area, or you'd like to come to the RKG Summit in May in Charlottesville, please let Angie Batten know at abatten@rimmkaufman.com.

Finally, I thought I'd close with 6 tips I recently gave at the Fashion Digital NY conference. They were done as tweets so I've left them in that format:

- **Tip 1:** Be VISIBILE. You must be discoverable – in the right places – at the right time.
- **Tip 2:** Be SMART & FAST. Digital gives realtime #Customerintent signals. You've got #data – use it!
- **Tip 3:** Be SCALABLE. Massively. Go for what works. In #search bid to #ROI not just budget.
- **Tip 4:** Be MOBILE. Face it – consumer behavior has changed – right here – right now – realtime.
- **Tip 5:** Be SOCIAL #CustomerIntent signal. What's important to people I like & people like me. Top & bottom funnel
- **Tip 6:** Be READY. Planning and contingency planning is key. React to & create trends.

Thank you for your business and continued trust in RKG.

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CONTRIBUTORS

GEORGE GALLATE

CEO

George brings to RKG visionary leadership, energy and innovative thinking about intent marketing and the increasingly important intersection of search and social media.

GEORGE MICHIE

Co-Founder & Chief Marketing Scientist

George is a widely acknowledged thought-leader in online marketing. He helped develop RKG's proprietary technology platform and continues to drive its evolution.

MARK BALLARD

Director, Research

Mark heads RKG's research efforts, which includes managing the production of Dossier and the quarterly RKG Digital Marketing Reports. He is the primary editor of the RKGBlog.

KEARBY CHEN

Marketing Strategy Director

Kearby works in close concert with RKG's sales and service delivery teams and is responsible for connecting advertisers' needs with RKG's proprietary marketing solutions using quantitative, data-driven methodologies.

ANDY TAYLOR

Senior Research Analyst

Andy conducts data analyses to guide client service strategy and to further the development of RKG's thought-leadership publications including the RKGBlog and Digital Marketing Reports.

RACHEL HARVEY

Team Lead, Paid Search

Rachel leads a team of paid search analysts with responsibility for accounts across the retail and travel industries. She ensures her team proactively provides clients with strong technology solutions, strategic insights and valuable marketing opportunities.

THE FUTURE OF GEO-TARGETING FOR PAID SEARCH

GEORGE MICHIE

One of the most exciting features of Google's Enhanced Campaigns is the ability to do sophisticated geo-targeting at unprecedented scale. Geo-targeting is not new functionality. We've had great geographic controls almost since the beginning of paid search advertising, as it was a foundational element for local and regional businesses. What's new is the ability for advertisers to apply sophisticated approaches to regional variance in traffic value across their entire portfolio of keywords and across every geographically appropriate region.

Until now advertisers with massive active keyword lists operating across a range of geographies have had to take shortcuts with geo-targeting. Either we got pretty granular with geographies with only a small subset of head keywords, or we had to cut the geographic map into very few pieces.

These shortcuts were necessitated by caps on the number of campaigns we could create under the previous AdWords structure, and by the sheer volume of replication required to get comprehensively granular. Going forward, the mechanics will be easier to manage and limited only by the level of sophistication of the platform and the people running it.

THE BENEFITS OF THE ENHANCED CAMPAIGNS MODEL

The Enhanced Campaign structure allows us to tailor bids for any number of geographically meaningful subgroups without the need to

duplicate campaigns. This opens the door to a level of targeting precision we have not yet enjoyed. Utilizing Google's ad group-level bid modifiers we could conceivably set different bids for every distinct geographic region in Google's map covering every keyword in a client's account. That's unbelievable!

Why would we want to set different bids? We bid differently because traffic values differ between user search queries, between engines, between times of day, and, yes, between geographies. Marrying the price we pay for traffic to the value of that traffic allows us to wring maximum value from our advertising dollars. Measuring and accurately predicting the value of traffic with great degrees of granularity is the hardest problem paid search presents to marketing scientists.

Experienced practitioners will object: "We already run into huge challenges with sparse data, even when we aggregate data to the keyword level! How on earth can we measure value by keyword and by granular geography?" The answer is: "Very carefully!"

ADDRESSING THE SPARSE DATA PROBLEM

Ignoring geography for a moment, we should look at how sophisticated platforms address the sparse data problem for keywords as a model for how it can work in other areas. For most accounts, the vast majority of active keywords don't generate enough data within any reasonable period of time to make statistically significant measurements of their value individually. We must therefore resort to clustering mechanisms to see how 'similar' keywords perform.

For keywords, 'similarity' can be thought of in simple terms like themes, product categories and sub-categories, brands,

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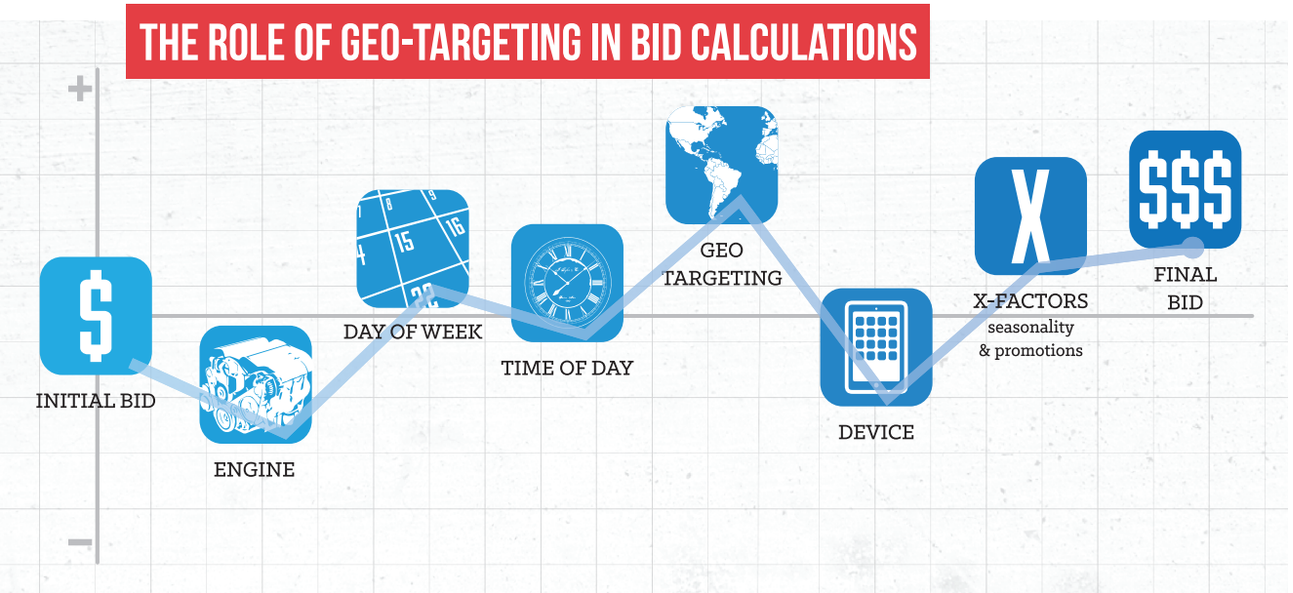


travel destinations, and so on. However, sophisticated systems use more nuanced, non-hierarchical, notions of similarity.

A keyword may have attributes that make it similar to other keywords thematically, but it may also share attributes with keywords that you wouldn't place in the same ad group or campaign. Smart systems assess how different attributes and combinations of attributes contribute to performance variations observed in the data. This leads to more efficient and effective use of valuable marketing dollars.

For example: "discount camera lenses" and "cheap camera cases" likely aren't in the same ad group or even campaign, but they share the common attribute of being "low price-focused." That "low price-focused" attribute may make "discount camera lenses" perform more like "cheap camera cases" than it does when compared to "professional camera lenses."

Thinking about geographic keywords, "Cancun hotels" and "St Maarten hotels" are pretty far apart on the map, but they share attributes of being "beach resorts", they share the general geography of being "Caribbean" destinations, and they're both within easy reach of travelers from the East Coast of the United States. "Fiji hotels" shares the "beach resort" attribute but not the others.

ADAPTING THE MODEL FOR USER GEOGRAPHY

Thinking now about how the geography of the user might affect the value of traffic, it might be the case that traffic from Los Angeles is more or less valuable than traffic from New York City or London. Perhaps traffic from the South behaves differently

We can take it further than straightforward, hierarchical notions of geography. We might find that the average household income in a given geography is more predictive of value than where the users are located on a map.

from traffic in the Mid-West, or perhaps traffic from Scotland does compared to the rest of the United Kingdom.

But we can take it much further than these straightforward, hierarchical notions of geography. We might find that traffic from rural areas is more or less valuable than traffic from urban or suburban areas. We might find that the average household income in a given geography is more predictive of value than where the users are located on a map.

Moreover, each advertiser may have geographic themes that are meaningful only to them. For some ecommerce companies, shipping costs may change dramatically depending on the proximity of the shipping destination to a distribution center. That geographic dimension: "low cost shipping" vs. "high cost shipping" may have a huge impact on conversion rates, but

it's a cluster that doesn't map the same way for any two advertisers.

Along those lines, a user's close proximity to a brick and mortar store location may correlate with better online conversion performance, or we may choose to value those shoppers differently from a strategic perspective. Offline sales driven by online ads can be more or less material for different retailers, in different areas, and even at different times of the year.

THE FUTURE IS EXCITING!

Similar to keywords, user geography contains many potential attributes and combinations thereof. Statistical modeling can help us understand how this aspect of user context impacts performance, allowing us to layer on sophisticated targeting and segmentation that yield better results from paid search advertising.

Since the launch of Enhanced Campaigns, another critical piece of user context, device type, has received the bulk of the attention, and RKG has demonstrated that powerful, comprehensive and smart targeting has raised the bar for our clients in that realm.

But the context of geography and its cousin proximity can also impact traffic value considerably, and we will only see more layers of targeting and segmentation unfold as Google makes available notions of audience, and other elements of context like motion, home vs. work, demographic profiles, connection speed, and online behavior patterns not tied to a particular advertiser.

We don't know all of what Google will be willing and able to reveal to us by way of data and controls, but we do know that the people who use these targeting capabilities effectively will have a material competitive advantage over those who don't.

George Michie is a widely acknowledged thought-leader in online marketing. He helped develop RKG's proprietary technology platform and continues to drive its evolution.

OPTIMIZE YOUR DIGITAL MARKETING RFP PROCESS

KEARBY CHEN

Picking the right digital marketing agency can be difficult for advertisers. Fancy marketing materials with jaw-dropping case studies often make it challenging to compare agencies objectively and identify the best fit.

Over the years, we have received and responded to hundreds of requests for information (RFIs) and requests for proposals (RFPs), ranging from one-page informal requests to precisely subdivided behemoths containing nested question numbers such as "8.2.28.c." It is apparent when advertisers invest forethought and effort into developing an RFP pertinent to their own business and thus were more likely to attract responses that were particularly distinct and insightful. The following are some tips to help you solicit high-quality responses and mitigate the agony of the process in general.

KNOW WHAT YOU WANT

The first step to developing a relevant RFP is to identify your business needs and the characteristics of your ideal partner. Involve your internal stakeholders and decision-makers from the beginning to discuss how important some of the following factors are:

- Multiple specialist agencies vs. a "one-stop shop"
- Small/medium vs. enterprise-level agencies
- Tactical support vs. strategic leadership
- Licensed vs. proprietary software
- Managing the RFP in-house vs. outsourcing the process

If you are not sure what might be the best fit for your business, attend trade shows and conferences to meet other advertisers and gather insights. Also, consider reaching out to other companies (probably outside of your immediate competitive set) that were facing

similar challenges. Keep in mind, however, that nobody will understand your business as well as you do and only you will be able to best determine the agency requirements and evaluation criteria for your RFP.

DEFINE THE SELECTION PROCESS

RFPs are useful tools to consistently procure information and objectively compare agencies, but realize that they are just one component of the entire selection process. Using an RFI and/or doing a little research to limit the number of agencies you release your RFP to will reduce the amount of reading you will have to do and will make the selection process much more manageable. The following is a suggested course of events:

1 Request for Information (RFI) - *Optional*

Release a short RFI to determine agencies' interest in your RFP, ensure agencies meet your minimum requirements, and narrow down your RFP list to 3-5 potential agencies. If you are trying to reach dozens of agencies, use an RFI instead of an RFP. For example, if using a specific platform is mandatory, use an RFI to quickly weed out the agencies that cannot support it.

2 Request for Proposals (RFP)

Release an RFP to 3-5 agencies to fully understand their general approach, capabilities, and methodologies. If you have already done your research and shortlisted 2-4 agencies, consider expediting the selection process by skipping this step entirely. Speak to the agencies directly to verify their capabilities and request that topics that would have been in the RFP are fully addressed in the presentation.

3 Presentations

After providing them with data, solicit presentations from 2-4 agencies to understand the specific approach they will take for your business and to introduce them to upper management. Never make a decision based solely on the RFP even if there is a clear frontrunner; request a presentation to at least meet your potential partner and confirm that they will be a good fit.

ALLOW SUFFICIENT TIME

The RFP deadline should be at least 3-4 weeks after the release date. Keep in mind that if you rush the process you might receive fewer responses or boilerplate proposals. The following is a suggested timeline:

PRE-RFP RELEASE

Non-disclosure agreements (NDAs) executed and "intent to respond" notifications requested/received from agencies so you know how many responses to expect (and to potentially include additional agencies if there are very few initial replies).

WEEK 1	WEEK 2	WEEKS 3-4
Questions about the RFP from agencies collected	Answers to questions compiled and distributed to all participating agencies	Completed RFP responses due

Note: Add at least an additional week prior to Week 1, if you choose to release an RFI.

STANDARDIZE THE RESPONSE FORMAT

Neutralize the instinct to "judge an RFP response by its cover" by specifying a standardized electronic format. This will allow you to better focus on the content rather than fancy formatting or graphics.

This can be particularly difficult to do if you request "hard copies" since the weight of the paper, vividness of the colors, type of binding, etc. may subconsciously influence your impression of the content. Also, keep in mind that there can be discrepancies between the "perceived quality" of the response and the "actual quality" of the service delivery (hint: the latter is more important than the former).

It is perfectly acceptable for your RFP to use multiple formats. Use a spreadsheet format for yes/no, numerical, or other short (1-2 word) responses that you would like to collate across agencies for a master "at-a-glance" view.

Since the viewable area of a spreadsheet varies depending on the user's screen resolution, advertisers should use a document format for longer responses to minimize the need to constantly adjust cell dimensions and/or scroll. If you choose to use an RFI, consider issuing it in spreadsheet format while releasing the RFP in document format.

PROVIDE ENOUGH CONTEXT ABOUT THE BUSINESS

If you cannot or do not want to provide something during the RFP process (for example, AdWords account access), specify that early on to curtail the requests or questions you will otherwise inevitably receive about it. However, do not expect meticulous details of how agencies plan to take you from A to B if you decide not to provide access to historical performance data, but be sure to include at least the following:

- COMPANY INFORMATION & TARGET MARKET
- INDUSTRY INFO & TOP COMPETITORS
- AGENCY REQUIREMENTS
- **SCOPE OF WORK** (ex. only part of the full business, U.S. only or Global, etc.)
- HISTORICAL PERFORMANCE & TOP CHALLENGES
- SPECIFIC GOALS & UPCOMING INITIATIVES
- TOOLS & PLATFORMS CURRENTLY BEING USED
- BUDGETS*
- SELECTION PROCESS & TIMELINE
- EVALUATION CRITERIA
- POINT OF CONTACT

*Advertisers not willing to provide transparency into fee potentials risk limiting the number and quality of RFP responses as well as increasing the time and energy they will need to devote to the process. Top agencies may pass on the opportunity or not invest the proper resources to prepare a response befitting your RFP. Withholding internal initial budgets while merely stating that "budgets are uncapped" as long as an agency can deliver a specific efficiency level can also result in a breakdown during negotiations. This can occur late in the selection process, after significant time has been invested on both sides, if the actual size of the opportunity and proposed fees of the selected agency are not mutually beneficial and equitable.

THE GOLDEN RULE

Agencies truly appreciate it when advertisers realize that, similar to their own business, resources must be prioritized and that many hours of unbilled time and effort get dedicated to responding to their RFP. After all of the RFP responses have been received, periodically sending out status updates to all agencies, especially if you deviate from your original timeline or have ultimately made a decision, will not only help you avoid being bombarded with inquiries about the latest developments every few days, but is also an expression of a simple, yet highly valued, professional courtesy.

In the event that things with your current agency are just not working out, hopefully these tips will help you successfully choose your next digital marketing partner.

For more information, including some sample differentiating questions you can use in your own RFP, visit: rkg.co/rfpquestions.

Kearby Chen works in close concert with RKG's sales and service delivery teams and is responsible for connecting advertisers' needs with RKG's proprietary marketing solutions using quantitative, data-driven methodologies.

ZEROING IN ON THE FULL VALUE OF MOBILE TRAFFIC

MARK BALLARD

The increasing prevalence of mobile devices has been a mixed blessing to online advertisers. On the one hand, most industry stats show smartphones and tablets driving essentially all internet traffic growth, as volume from traditional desktop and laptop computers has begun to fade.

But as consumers have taken to using new devices for browsing the web, their propensity to buy products, order services or otherwise convert for advertisers usually appears much weaker on smartphones than it does on PCs or tablets.

So advertisers are facing a marketplace where their fastest growing audience segment is often their worst performing by traditional measures. This shouldn't come as a revelation. From the time that mobile was just a blip on the radar, generating less than 2% of traffic and before the iPad swung the doors wide open for tablets, RKG has chronicled the gulf between smartphone and desktop conversion rates.

Over the last few years that gap has persisted, leaving advertisers facing the same basic question: Are smartphone clicks more valuable than they appear because of inherent tracking challenges, or is user behavior on different devices as disparate as it appears?

ENTER CROSS-DEVICE CONVERSIONS

While marketers have done their best to understand the full value of their online traffic, we are forced to work with a limited data set when it comes to more complicated conversion paths. It's easy to imagine scenarios where our customers find us on one device and convert on another, but tying those two activities together in the real world requires some reliable piece of connective information that most individual advertisers won't have for very many users.

Comparatively, Google has a wealth of knowledge about individual users, regardless of which device they are on. Through platforms and products like Android, Gmail, Google+ and Chrome, Google has been able to get hundreds of millions of users to log into Google accounts on a regular basis. In 2012, Google announced that Gmail alone had 425 million monthly active users worldwide. This October, Google revealed that it had 300 million monthly active Google+ users.

While that is not nearly every man, woman or child out there, it is still a huge data set that Google can use to extrapolate some pretty accurate figures on overall cross-device behavior and conversions. In October, Google officially announced they would be providing advertisers with some

Cross-device conversions are raising total conversion volume by a range of 2-7%

For smartphones, however, those same sites are seeing a lift in conversions of between 9-33%

of these insights via the new Estimated Total Conversions metric in AdWords, which features cross-device conversions initially with plans to include phone calls and in-store visits in the coming months.

RKG was excited to be an early tester of this new feature and we see it as an important step towards marketers achieving greater clarity into the full impact of their ad campaigns. Google clearly has their own strong interest in advertisers perceiving ad clicks as being more valuable, but we believe they are being judicious in their calculations and making a long-term play to gain trust in their methodology and figures.

So far, they have done a good job on that front. Google directly owns the data to connect same-user behavior across devices. We all know it exists and it's easy to grasp how the matching takes place on their back end. The tracking mechanisms are also similar to existing single-device paid search tracking, increasing the credibility of the cross-device stats.

In discussing this directly with Google, they have also given us confidence that they will only report cross-device numbers that surpass statistically significant confidence thresholds. If those aren't met, no data will be reported.

WHAT DOES THE CROSS-DEVICE DATA TELL US?

The original Google announcement noted that cross-device tracking allows travel advertisers to measure 8% more conversions overall, but 33% more conversions for mobile phones. While travel sites are likely to see some of the largest gains for smartphones under cross-device tracking, advertisers across nearly all verticals can expect phones to reap bigger conversion increases than PCs and tablets.

Looking into the data for our clients, RKG is seeing some variability across sites, but numbers that are generally in line with Google's initial findings. Cross-device conversions are raising total conversion volume by a range of 2-7%.

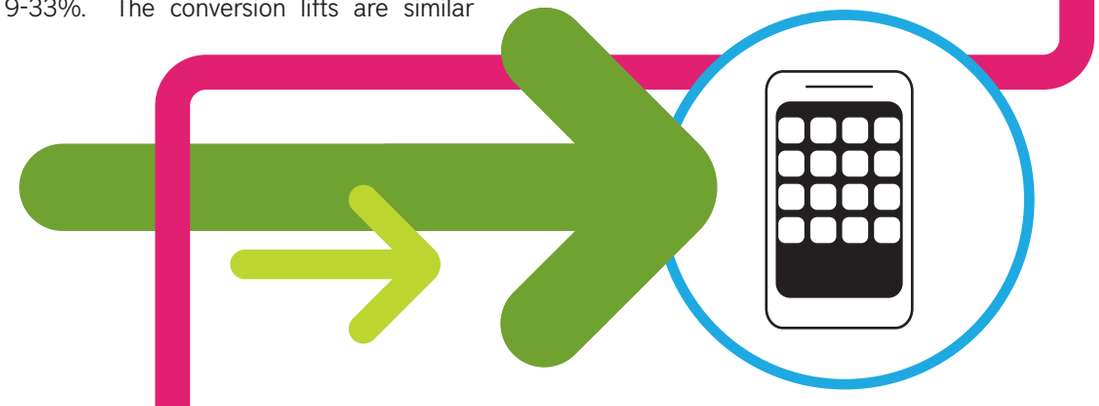
For smartphones, however, those same sites are seeing a lift in conversions of between 9-33%. The conversion lifts are similar when segmenting by brand and non-brand queries.

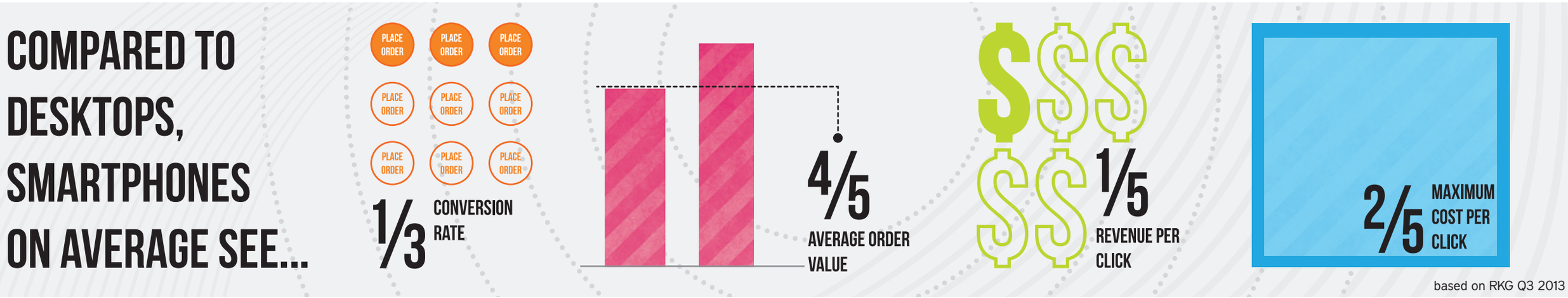
IMPACTS TO PAID SEARCH BIDDING

So the data Google has made available confirms the previously held beliefs of most advertisers that many desktop conversions are seeded by smartphone advertisements. Now what does it mean for our paid search strategy?

That question needs to be answered by the individual advertiser based on their own goals and data, but we can get an idea how that might play out in a typical scenario. First, let's consider some baseline conversion figures.

For the third quarter of 2013, RKG found the average conversion rate of a smartphone click was just 31% that of a traditional desktop click. This is by standard online-only, cookie-based, single-device tracking measures. Because average order value (AOV) is 20% lower on smartphones, the average revenue-per-click generated by smartphones was about 25% of desktop levels.





A typical retailer may generate a 3% conversion rate on desktop computers and an average revenue-per-click of $4.50. For smartphones, that same advertiser might expect to generate a roughly 0.9% conversion rate and a revenue-per-click of about $1.14

If that advertiser had a $5.00 return on ad spend (ROAS) target and bid both desktop and smartphone clicks based only on directly measurable online sales, their desktop cost-per-click (CPC) would average $0.90, while their smartphone CPC would be 25% of that at $0.23.

Assuming no degradation in AOV, adding 33% more orders to smartphones based on cross-device conversions would drive smartphone CPCs up 33%, but smartphone CPCs would still be just 34% of desktop levels. Cross-device conversions do add a bit to the totals for desktops and tablets as well, but not enough to change these figures much.

When we look at how actual smartphone CPCs have been shaping up against desktop CPCs, either from RKG or other data sources, it is apparent that most advertisers have been baking in some notions of hidden or indirect value into their smartphone bids. In Q3 2013, RKG found smartphone CPCs running at 38% of desktop levels.

If direct response conversions were our only concern, whether those conversions occur across devices or not, the numbers suggest that smartphone clicks are already fairly well-priced.

...AND BEYOND

For many advertisers though, online conversions are just one piece of the larger value of search advertising. Incorporating additional data into the Estimated Total Conversion metric, like that from in-store visits and phone calls, will provide even better insights to advertisers, so it's great to hear that Google is already working on providing those capabilities.

Of those two, phone tracking is the more straight-forward and both RKG and Google have had methods in place for some years now that allow advertisers to directly track or estimate orders from phone calls. There are still some challenges in consolidating phone call data from different sources, but phone tracking is generally well-established and will only get better.

For retailers and other businesses with brick and mortar locations, understanding and quantifying online to offline behavior holds even greater potential to shift advertiser spending strategies, but it is a difficult problem and certain methods of doing so could raise privacy concerns. And methodology appears to be critical here.

You may hear that the ratio of online to offline sales generated by online marketing is 1:6 or even 1:10, but RKG studies have shown the ratio is probably closer to 1:0.5. Still, if advertisers can quantify offline spillover more accurately and consistently, even the lower end of that spectrum could produce significant changes in bidding strategies.

As with cross-device tracking, advertisers should welcome Google getting into the offline tracking space, but we should expect them to apply statistically rigorous methods. Google has a strong incentive to pursue this path, and the scale to do it well, but they will need to convince advertisers of the veracity of whatever view of this data they ultimately provide.

To put it generally, new data that informs the broader value of search can be extremely useful, but it can also raise concerns that it is being provided merely to drive up spending. Advertisers should be heartened by the fact that Google is proceeding cautiously in this area.

Mark Ballard heads RKG's research efforts, which includes managing the production of Dossier and the quarterly RKG Digital Marketing Reports. He is the primary editor of the RKGBlog.

HOW GOOGLE CAROUSEL IS IMPACTING PAID SEARCH

AND WHAT YOU CAN DO ABOUT IT

RACHEL HARVEY

Google officially released the Google Knowledge Graph Carousel for local search results in mid-2013, indicating at the time of the announcement that the Carousel was meant to enhance search results for "restaurants, bars or other local places."

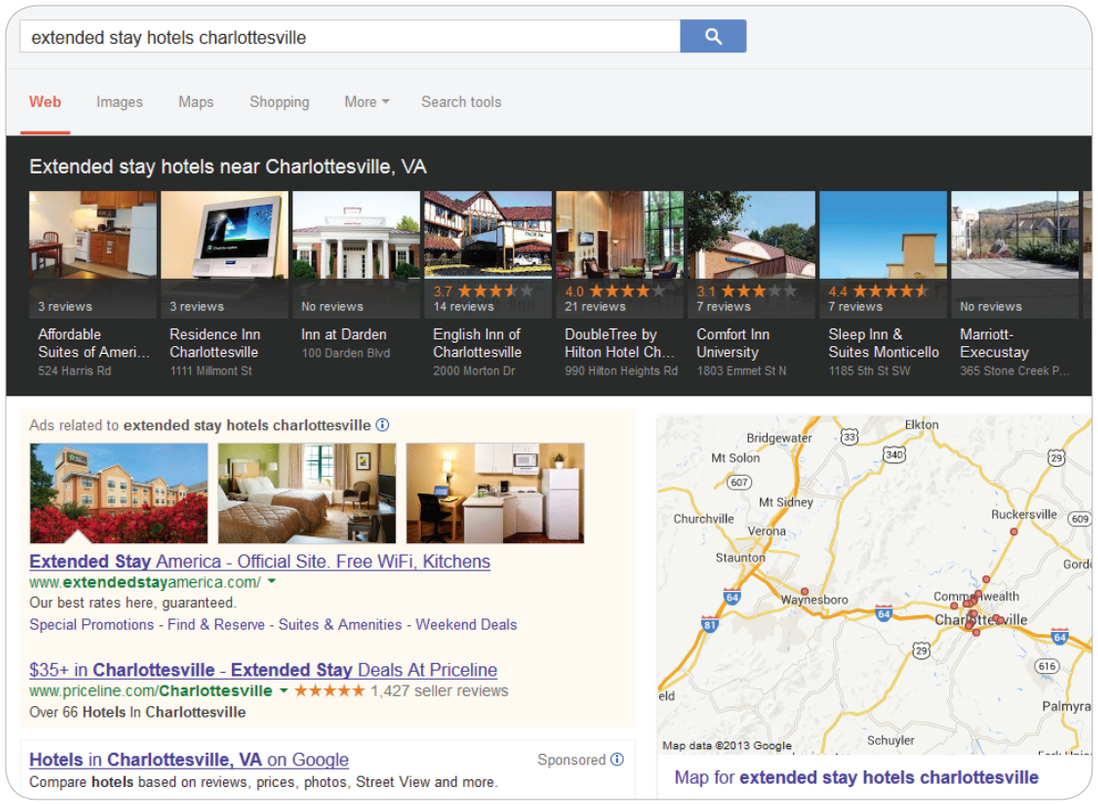
Over time, Google has expanded this feature to a variety of categories including hospitality, hotels, and entertainment, with one study reporting that nearly 14% of search queries across all industries are triggering the Carousel feature.

This expansion has had substantial consequences for many paid search advertisers in the industries impacted, particularly as the Carousel has led to a shift in traffic from non-brand queries to branded ones.

To understand why, let's first take a look at how Carousel works:

1. A user enters a search query that triggers Google's Carousel feature.
2. Google serves the Carousel results based on a variety of factors dependent on industry, including inferred user intent, quality and volume of Google review ratings, and distance/travel time for the user.
3. If the user clicks on a listing in the Carousel bar, Google serves a new search engine results page (SERP) based on an automatically generated search query.

For example, when a user searches "extended stay hotels charlottesville" they see the following results:



The Carousel appears as a black bar at the top of the SERP, with pictures of hotels relevant to the search, along with the hotels' addresses and associated Google reviews.

The user can click an arrow to scroll either left or right within the Carousel and view additional results. Google also displays an interactive map of the properties found within the Carousel below and to the right of the black bar.

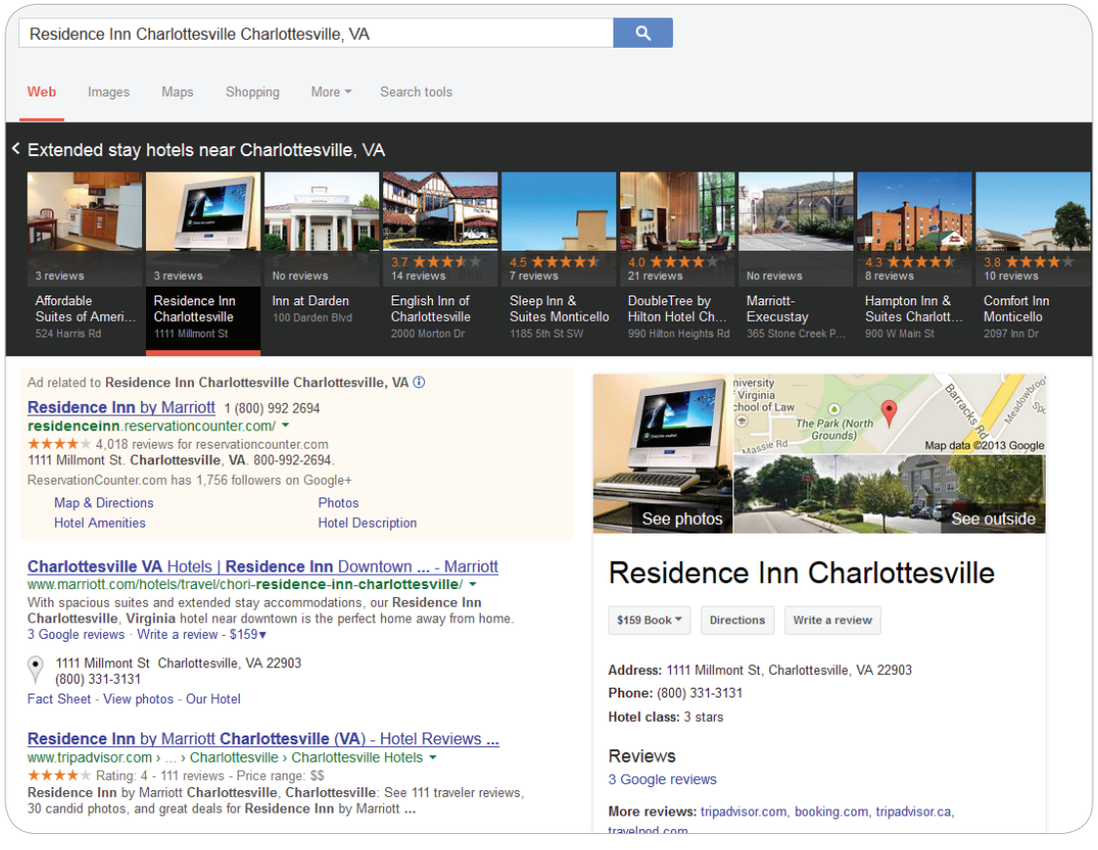
When a user clicks on a listing within the Carousel, Google then generates a more specific SERP based on the properties of that listing. For instance, if a user clicks on the "Residence Inn Charlottesville" listing, Google automatically searches "Residence Inn Charlottesville Charlottesville, VA."

The user experience created by this SERP generation may be a little disorienting at first, as searchers are more accustomed to being taken to a website for the destination they clicked. Instead, users are presented with another SERP containing a new Carousel and different ads and organic results.

The new page will replace the previously featured map with an information box about the specific listing clicked, including reviews and directions. But, this change still leaves the user a couple of clicks away from getting to the listing site in most cases.

For paid search, the behavior of Carousel has significantly impacted the performance of keywords related to queries that trigger its listings. Specifically, we are seeing a shift towards branded traffic because the formula for the automatically generated search query is typically a combination of "[Property Name] + [City, State]." For impacted advertisers this led to a clear decline in the click-through rate for non-brand keywords.

So how can we best respond to these developments and keep ahead of the competition?



1 IDENTIFY AFFECTED TERMS

Actively work to discover which terms in your account could be qualifying for Google's Carousel, keeping a particularly close eye on high traffic keywords. If you are seeing a decline in clicks when you have not made any major changes to bid strategy or ad copy, then we recommend considering the Carousel as part of your troubleshooting process.

2 POLICE AFFILIATES

Affiliates are taking advantage of this situation by squatting on the branded Carousel-generated queries with paid search ads, especially within the travel vertical. If this issue affects your account, make sure that you file a trademark complaint with Google in order to prevent unauthorized or deceptive usage of your brand name in ad copy.

3 RECONSIDER RUNNING BRAND TERMS

If you're not currently running brand keywords, there's a chance you're missing out on traffic from Carousel-generated SERPs. This is especially important if your business operates within the travel or entertainment industry, where we are seeing the affiliate issue mentioned previously.

Given the space taken up by the Carousel, organic listings are being pushed farther down the page, so it is not safe to assume that brand traffic is being captured at the same rates organically by either the traditional text listing or via the Knowledge Graph box on the right rail.

4 ADD BRAND KEYWORDS TO MATCH CAROUSEL-GENERATED QUERIES

If you're already running brand keywords, but aren't seeing your ads on the Carousel-generated SERPs, consider adding keyword coverage for the specific queries that the Carousel is generating. Broad match may not be sufficient here, and based on what we've seen, the competition capitalizing on the Carousel are bidding on the exact query formula it uses and being aggressive with their bids. By adding keywords reflecting that exact formula, and filing a trademark complaint with Google, if applicable, you should be able to bump their ads out of top position on the regenerated Carousel SERP, and you might just lower your CPCs by doing so.

5 RECONSIDER RUNNING COMPETITOR TERMS

If you're seeing traffic shift to brand keywords as a result of Google Carousel, it's a good bet that your competitors are as well. While running keywords for your competitors' brand terms may or may not have worked well in the past, the landscape has changed. With Google pushing users from non-brand queries to brand, they're also blurring the lines between the two and you may find more success with competitor terms now. Just be careful to abide by Google's trademark policies.

The Google Carousel is clearly an eye-catching feature on the SERP, but its functionality can be a headache for both users and advertisers. Why not simply take the searcher to the website of the property they clicked, or at least provide the user with a choice between "more info" and "go to site"?

One answer to this question is that Google doesn't want to give up the potential ad revenue from these queries by drawing users to click on free links at the top of the page where promoted ads have been historically. One wonders how long Google will wait before it moves to more directly monetize Carousel.

Rachel Harvey leads a team of paid search analysts with responsibility for accounts across the retail and travel industries. She ensures her team proactively provides clients with strong technology solutions, strategic insights and valuable marketing opportunities.

EFFECTIVELY SCALING PRODUCT LISTING ADS REQUIRES A SEARCH MARKETER'S TOUCH

ANDY TAYLOR

Diligent feed management serves as a critical foundation for outpacing the competition with Google's Product Listing Ads (PLAs). Keeping up-to-date and accurate information for all required and recommended feed columns, as well as optimizing for key attributes, helps to establish the relevance of your products in Google's eyes, and we have seen huge successes from feed improvement alone.

But achieving optimal performance with PLAs and Google Shopping at scale involves far more than just feed management. Since their introduction in 2010, PLAs have brought a level of complexity not found with traditional comparison shopping engines in ways that have played to the strengths of paid search marketers and required their expertise. The sheer scope of PLAs, both in terms of the traffic they drive and their revenue potential, justifies and even necessitates special coordination across marketing disciplines.

Let's consider some of the key requirements for managing a PLA format that has quickly become one of the most important elements of a healthy search marketing portfolio:

REQUIREMENT 1: BID MANAGEMENT EXPERTISE

Similar to traditional text ad keywords, advertisers assign PLA targets a bid in order to establish the maximum amount they are willing to pay for a click on each target. Products can be served through a number of different targets, the least granular of which is All Products, which can serve any product in the Merchant Center feed.

The most granular targets are Product IDs, through which only the product which exactly matches the ID specified can be served. In between these two are category level targets, which utilize attributes such as brand and product type.

Bidding PLA targets with high traffic levels is fairly simple as the value of the average click on these targets is easy to assess and predict using past performance. Targets with limited data, however, require more advanced bidding systems that are able to identify the most predictive shared attributes across targets in order to assign smart bids.

RKG's Adaptive Portfolio Bidding management system, honed from years of keyword bid management, optimizes bids to customized goals at the target level every hour. PLA managers using less advanced systems will have difficulty consistently bidding all targets to efficiency and/or may not segment PLA traffic as granularly as they should.

REQUIREMENT 2: PROPER ATTRIBUTION

Good bids start with good data. When a single agency manages both PLAs and paid search keywords they should be able to apply a single attribution model to all orders such that the proper credit is given to each format. Whether that model is last touch, first touch, proportional, or even an advanced statistical model, each order will be counted just once and appropriately factored in to bids for the different listings.

When PLAs and text ads are managed separately, however, orders may end up duplicated when different parties take credit for those that they've tracked. For the average RKG client, 11% of orders with a PLA as the last marketing touch also had a text ad click prior to the order, with that figure topping 20% for some clients.

Attributing these orders to both touches can lead to inflated bidding and reporting for both products. Having one agency manage both PLAs and text ads, however, should easily solve this issue.

REQUIREMENT 3: EXPERTISE USING ENHANCED CAMPAIGN MODIFIERS

Google's new Enhanced Campaigns model makes properly calculating and applying bidding modifiers essential to efficiently managing traffic for all AdWords campaigns, including those for PLAs.

One of the most important aspects of Enhanced Campaigns is the mobile bid modifier, which allows advertisers to apply a percentage adjustment to a base bid for desktop and tablet devices in order to raise or lower the amount they pay for the same listing on a smartphone.

The share of paid search traffic generated by smartphones continues to increase, and PLA campaigns now account for 36% of Google non-brand spend on smartphones for the average RKG client, about the same percentage as on desktop computers.

But smartphone traffic generally performs much worse than desktop traffic and not necessarily consistently across the board. Sophisticated advertisers, therefore, need to be able to automate calculation and implementation of these modifiers at scale for achieving mobile efficiency in the Enhanced Campaign era.

After many hours of refining our own bidding system to calculate mobile modifiers accurately at a high degree of granularity, RKG has been able to increase mobile sales

11% of orders with a Product Listing Ad as the last marketing touch also had a text ad click prior to the order, with that figure topping 20% for some clients

PLA campaigns now account for 36% of Google non-brand spend on smartphones for the average RKG client, about the same percentage as on desktop computers

volume while simultaneously increasing ROI compared to under the legacy AdWords model.

PLA managers that lack sophisticated modifier bidding capabilities, often CSE-only companies or less advanced search agencies, have some options for dealing with the performance differences between devices, but none are very appealing in terms of getting the most out of PLAs on mobile:

1. Turn mobile PLAs off by applying a -100% modifier in order to prevent inefficiency, but forfeiting all potential mobile sales.
2. Bid mobile modifiers "by hand", which can be difficult, time consuming, and imprecise.
3. Launch a duplicate PLA campaign with low base bids and a high mobile multiplier in the hope that the small base bids will not generate any desktop and tablet traffic. This might sequester smartphone traffic, but would still require a convoluted approach for adjusting base bids.

The best solution is to employ an agency that has proven technology to bid mobile modifiers effectively within the new framework. Further, as Google rolls out new modifiers and makes additional data available to advertisers, our bidding tools will need to be able to keep adapting to stay ahead of the game.

REQUIREMENT 4: ONGOING ANALYST OVERSIGHT

While having a smart bidding system to calculate PLA target base bids and modifier adjustments is essential, it's equally important to have experienced eyes digging into the results.

Similar to broad match keywords, the queries that trigger Product Listing Ads won't always be the best matches to your products. For example, older models of a product may show up through PLAs for searches for a newer model of the same product. Thus, the search queries triggering these ads need to be analyzed regularly in order to identify potential query negatives.

Google's PLA target serving is also not always logical. When the system is working properly, Google should serve the product through the target that has the highest bid. However, we've seen products served through broader targets with lower bids than those that could have been served. We've also found examples of traffic for a product divvied up between several levels of PLA targeting, from the All Products target down to a Product ID target, all with varying bids.

All of this suggests that Google still faces some challenges identifying the correct PLA targets and products to serve for any given search query. As such, we've found that the best PLA target structure can vary significantly by account and it takes active analysis to figure out which approach works best for each program.

At RKG, analysts are able to assess PLA performance by the products served, regardless of target, in order to view the performance for potential new targets. This approach can be used to identify top traffic products for Product ID targeting, as well as to identify combinations of AdWords labels, product condition and type, brand, and AdWords groupings that may yield better performance than product-specific targets under a Google system that still has plenty of quirks.

On the horizon, Google is testing a new model for PLAs called Shopping Campaigns, which aims to resolve some of the issues noted above by limiting PLA traffic for a product to a single target. The current limitations of these campaigns, however, should make advertisers hesitant to transition, namely that negatives, ad copy, and tracking URLs are all set at the campaign level. Google will likely move to address these issues, but for the time being, they are major obstacles.

AND THE TWAIN SHALL MEET

While Google's PLA target serving issues and reliance on product feeds create a rift between traditional text ads and PLAs, the emerging landscape for PLAs is one that search analysts are already well trained to navigate: setting smart, granular bids for the appropriate targets, optimized through data analysis and A/B testing of different structures. This overlap gives experienced search marketers an advantage in PLA management, making the marriage of your paid search and PLA programs all the more optimal as Google continues to roll out additional bidding levers.

Andy Taylor conducts data analyses to guide client service strategy and to further the development of RKG's thought-leadership publications including the RKGBlog and Digital Marketing Reports.

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RKG EVENTS

Last year we hosted our largest **RKG SUMMIT** & hit the road with **RKG ROAD SHOWS** in Philadelphia, Chicago, Boston and Dallas.

In February 2014, we're coming to Atlanta & Miami.

Not there? Join us for the next RKG Summit. May 2014, Charlottesville VA

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"It's the **COLLABORATION**, not just with RKG and the speakers and the **INTERACTION** that we get in the various sessions, but it's really the collaboration with the other attendees as well."

Think Geek

RKG ROAD SHOW

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or email **abatten@rimmkaufman.com** to reserve your spot!

ABOUT RKG

RKG is a search and digital marketing agency that combines superior marketing talent with leading edge technology to create the industry's most effective data-driven digital marketing solutions. RKG drives business to clients by maximizing a full range of opportunities including pay-per-click, SEO, social media, display advertising, product listing ads and comparison shopping engine management services.

Founded in 2003, RKG partners with clients in retail, travel, financial and B2B organizations ranging in size from small startups to Fortune 500 companies, including CareerBuilder, Drugstore.com, Express, Herman Miller, Jones New York and Urban Outfitters. In 2013, Advertising Age ranked RKG the fastest growing search agency. A privately held company, RKG is headquartered in Charlottesville, VA with offices in San Francisco, CA, Bend, OR and Boston, MA.

RYAN GIBSON

EVP
MARKETING STRATEGY

ryan@rimmkaufman.com
(434)970-1010