



# Brand Terms: To Bid or Not to Bid?

Insights on brand-term bidding in highly competitive search advertising marketplaces

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## Abstract

There is ongoing debate about the value of including brand-name keywords in search marketing campaigns. A recent analysis by eBay found that when brand terms were eliminated, clicks on organic results increased. However, performance of brand keywords varies according to many factors, including the competitiveness of the industry segment. Bing Ads researchers analyzed more than 50 million impressions in the Financial Services industry over a three-month period, across three scenarios: brand ads in the main line 1 (ML1) position; brand

ads elsewhere on the page; and no brand ad on the page. We found that total click yield varied with the presence and placement of a brand keyword on the search engine results page. A critical finding was that click yield for competitor ads increased significantly when an advertiser's ad did not show up on their own brand terms. But, overall, bidding on brand terms resulted in higher total click yield. Bidding on the most prominent ad spot is particularly important for smaller advertisers.



## Introduction

There has been a long history of debate about the value of companies bidding on their own brand terms in search engine marketing (SEM). In April 2014, eBay Research Labs published "Consumer Heterogeneity and Paid Search Effectiveness: A Large Scale Field Experiment."<sup>1</sup> This research indicated that millions of ad dollars are wasted each year to build out SEM campaigns that target users who could otherwise be reached through search engine optimization (SEO). However, there is a fine line between capitalizing on the high click-through rates associated with brand term keywords and cannibalizing organic search traffic.

This is especially the case with Financial Services advertisers, because consumers use a limited number of terms when searching for financial products, services or

information online. Because search terms tend to be narrow, this is a competitive segment for winning ad bids. As a result, these advertisers face the highest cost-per-click (CPC) in the search industry. The average CPC for the Financial Services industry was \$1.55 versus \$0.44 for Retail in April 2014.<sup>2</sup> This is why careful keyword selection is critical.

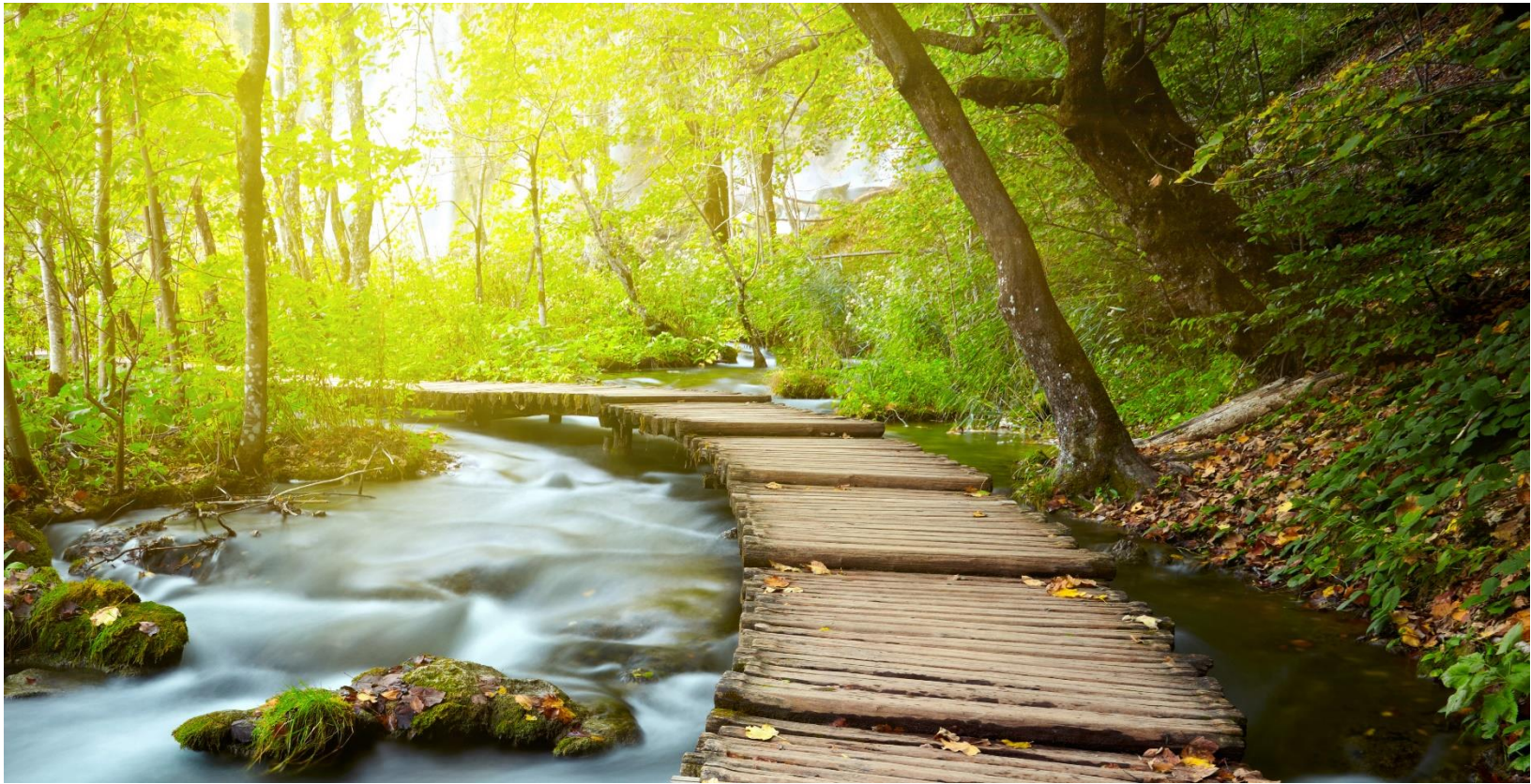
Our study found that bidding on brand terms can result in higher click yield and can actually bring short-term benefits to Financial Services advertisers. If advertisers choose not to bid on their own brand terms, they are at risk of losing valuable clicks to their competitors; an angle that has not been presented through previous research on this topic.

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<sup>1</sup> Blake, T., Nosko, C. Tadelis, S. Consumer Heterogeneity and Paid Search Effectiveness: A Large Scale Field Experiment. National Bureau of Economic Research. April 8, 2014. [faculty.haas.berkeley.edu/stadelis/tadelis.pdf](http://faculty.haas.berkeley.edu/stadelis/tadelis.pdf)

<sup>2</sup> Microsoft internal data





## Definitions and Assumptions

Search engine marketing (SEM) is a form of online marketing in which advertisers bid on paid search ads based on keywords that consumers search on platforms, such as Bing (Microsoft), Google and Yahoo, in order to increase visibility on the search engine results page.

Search engine optimization (SEO), or organic search, is a form of online marketing in which advertisers optimize website content to increase visibility of unpaid, "organic" search results. A search engine's algorithm ranks search results based on relevancy to user search queries.

Search terms with commercial intent, for example "tax refund solutions," serve the

purpose of adding to customer lifetime value and/or acquiring new customers. Search terms with no commercial intent, such as "tax refund login," do not help add to customer lifetime value and do not serve to acquire new customers. Instead, these terms help customers navigate to a task they were already intending to perform that does not drive additional revenue to the advertiser.

Click yield (CY) was calculated by dividing the total number of clicks by the number of page views garnering at least one impression.





## Background

In March 2012, eBay studied the returns on its SEM. Along with subsequent marketing research groups, it analyzed the effects of pausing brand keyword bidding in SEM.

After detecting that organic search clicks increased when paid search was paused, eBay concluded that brand keyword ads were ineffective and brought no short-term benefits because SEO and SEM were nearly perfect substitutes.

However, competitive bidding behavior to steal a company's potential traffic was not directly addressed in this study and would be difficult for an advertiser to assess given it would not have access to competitors' data. This is where we come in. Since we're a search engine, we have access to this data and have observed and analyzed this opportunity cost. The reality is that advertisers have no control over competitive cross-bidding; they can only control which keywords they bid on and how much they are willing to bid.

This dynamic is especially important in competitive segments, such as tax, where competing brands' services are relatively interchangeable and competition is fierce.

"While advertisers can analyze fluctuations in their own performance as they choose to bid or not to bid on their own brand terms, they have little insight on how this influences the actions of others. As a search platform, we are able to really dig in and look at the opportunity cost of losing clicks to the competition."

– *Connie Woo*  
(Product Marketing Manager)

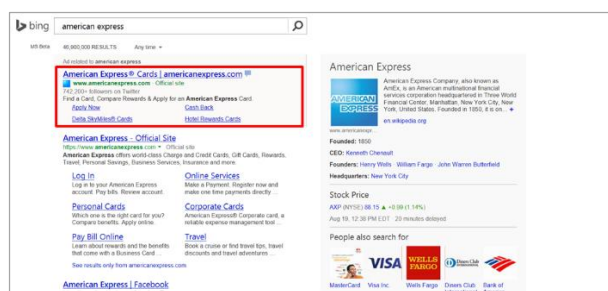
# Methodology

We analyzed brand search queries for the top three tax advertisers in an effort to quantify the opportunity cost associated with forgoing bids on brand terms. The Bing Ads research team analyzed three months of click yield data during tax season, between January and March 2014. All data was weighted by impression volume.

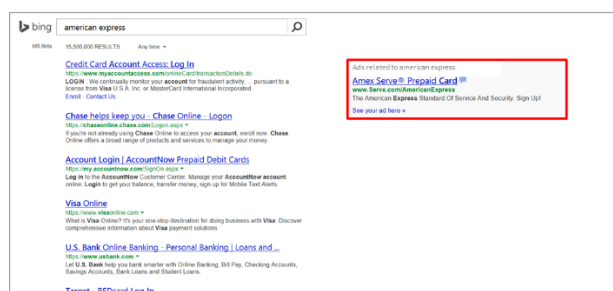
Data was collected on only PC users searching via Bing. The data was comprised of 98 brand queries across over 50 million impressions, split between three scenarios:

- Main line 1 (ML1) position
- Rest of page
- Not on page

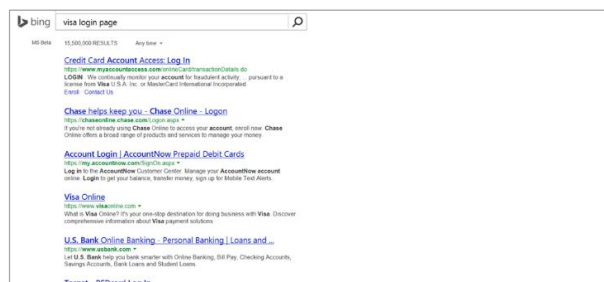
## ML1



## Brand ad rest of page



## No brand ad



We also divided queries into two groups, based on whether a query showed commercial or non-commercial intent. Finally, results were compared by advertiser size.

## Overall click yield analysis

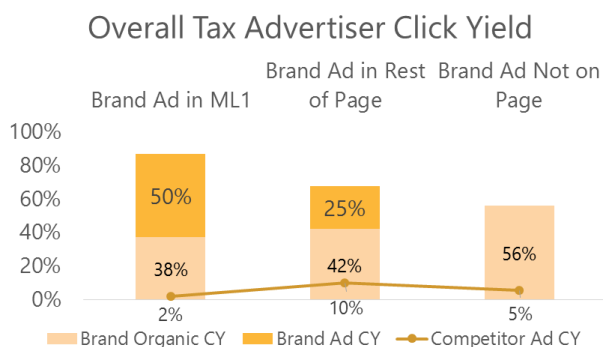
Our research showed that brand-name tax software searches make up almost 40 percent of all tax searches before taxes are due on April 15th.<sup>3</sup> Results showed that bidding on brand terms resulted in higher total click yield in all cases. We also found that bidding on the most prominent ad spot “main line” is particularly important for smaller advertisers.

With an ML1 ad placement, brand owners gained close to a 90 percent click yield total (organic and paid), with 50 percent of clicks attributed to paid results. Advertisers lost 24 percent of their click yield when they ran ads on the rest of the page.

Even worse, competitors gained an ad click yield that was nearly five times higher versus ML1 placement.

When no brand terms were used, click yield dropped to 56 percent. Comparing the increase in competitor ad click yield when the advertiser runs a brand ad on the rest of the page versus running a brand ad in ML1, competitor ad click yield dropped back to 5

percent. We think this could be attributed to the fact that the ad assumed less real estate on the search engine results page. A small percentage of clicks migrated to organic search, but not nearly enough to make up for the total drop in click yield.



A critical piece of the findings was that click yield for competitor ads increased significantly when an advertiser’s ad did not show up on its own brand terms.

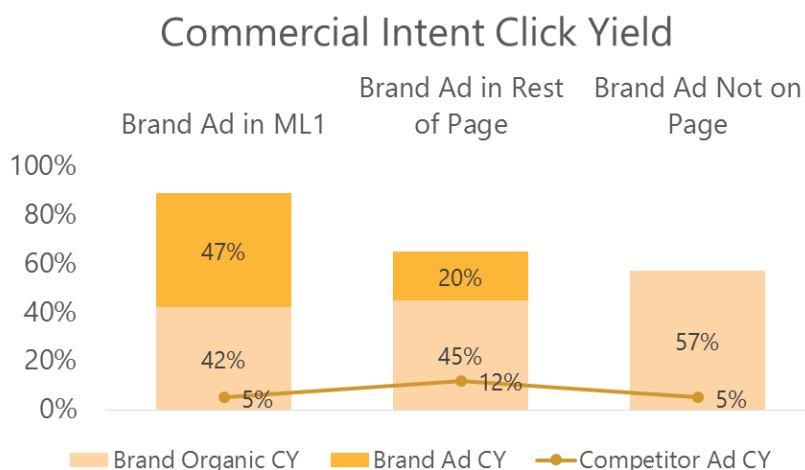
We concluded that advertisers can lose significant click yield if they omit their own brand terms in their search marketing efforts. Even worse, they could potentially lose leads to the competition

<sup>3</sup> Microsoft internal data



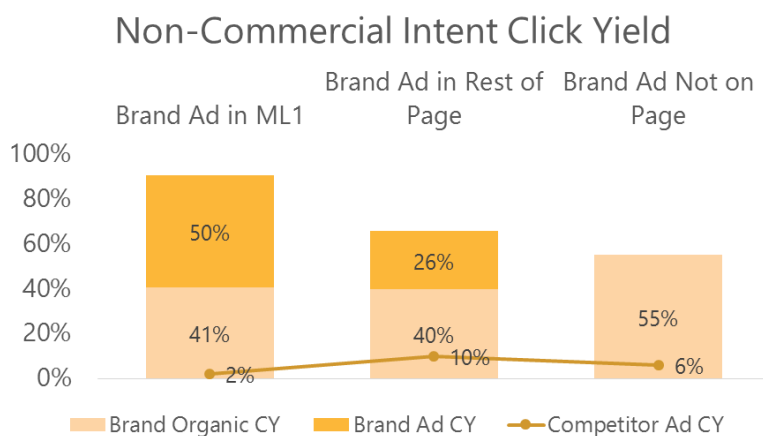
## Query intent analysis

Queries with commercial intent showed similar results to those with no commercial intent. Both saw close to a 25 percent drop in click yield when the advertiser bid on a brand ad in the rest of the page versus when the brand ad was in the ML1 position. Competitive click yield more than doubled in this case



In both cases, there was a greater than 30 percent drop in click yield when the advertiser didn't bid on a brand ad at all in comparison to running a brand ad in the ML1 position. Without the presence of a brand ad, queries with commercial intent garnered close to a 90 percent click yield total, with 42 percent of clicks going towards paid results.

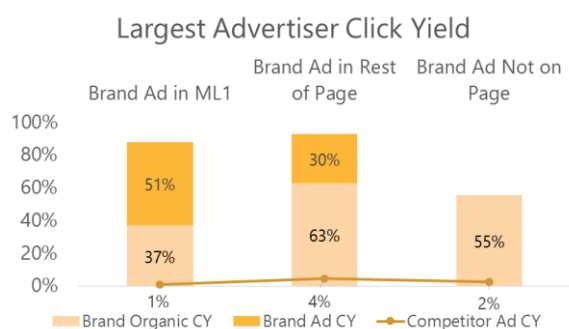
As in the overall analysis, advertisers lost 24 percent of their click yield when they ran ads on the rest of the page. Competitor ad click yield more than doubled in this case versus ML1. Search queries with non-commercial intent gained over 91 percent click yield total, with 41 percent of clicks attributed to paid results when ads were placed other than in the ML1 position.



When brand ads were placed on the rest of the page, the effects of brand ads losing and competitor ads gaining click yield were slightly more drastic than the all-up view or for commercial intent queries.

## Individual advertiser brand keyword analysis

Among the top tax advertisers, the largest one saw a 33 percent negative click yield difference between bidding on a brand ad in ML1 compared to no brand ad. For this advertiser, competitive ad click yield increased by four times when brand ads were in ML1 versus other parts of the page.

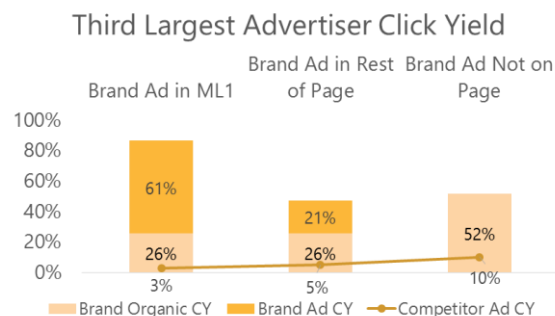
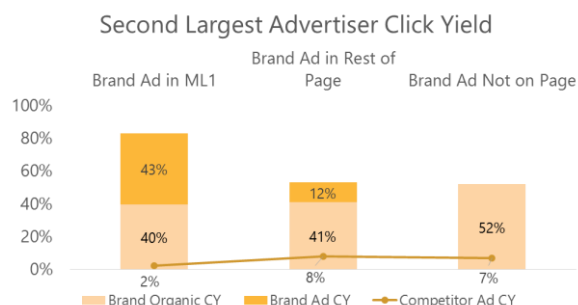


The second and third largest advertisers both saw more than a 30 percent loss in total click yield when they did not run a brand ad in the ML1 position.

There were drastic increases in competitive ad click yield when brand ad position changed and when there was no brand ad at all, indicating that smaller advertisers are significantly more at risk for losing clicks to

competitors if they do not bid on their brand terms.

It is significantly more beneficial for smaller advertisers to bid on the ML1 position with brand ads, as indicated by the 40 percent negative difference between ML1 brand ads and rest of page brand ads for the smallest advertiser.





## Ad copy analysis

It's important to note that the art and science of search ad copy requires fine-tuning individual ads to discover the best combinations of keywords, ad titles, and ad descriptions. These may vary by category and by device used in the search. In just one example, we found that financial institution ads with "official" in the description offered strong performance, while insurance ads performed better when "official" is in the description instead.

Tools such as our ad copy heat maps can help advertisers select the terms that are most relevant while also providing the highest ad quality, or "clickability."

This research is available for several industries at [www.slideshare.net/bingads](http://www.slideshare.net/bingads)

- [Choose your words carefully: Financial services edition](#)
- [Choose your words carefully: Travel edition](#)
- [Choose your words carefully: Retail edition](#)

	Account	Banking	Best	Brand	Call To Action	DKI	Fees	Financial	Financial Cooperative	Interest Rate	Interest Rates	Loans	Location	Mortgage	Official	Online	Savings	Secure	Services	Superlative	Yield	NoVar
Account																						
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## Conclusions

Brands that do not test the effectiveness of bidding on their own brand terms risk the following:

**1. Achieving a significantly lower click yield, even with a strong SEO strategy.** In fact, our study found that advertisers could lose up to nearly half of their click yield. This is particularly relevant for smaller advertisers.

**2. Losing clicks to competitors attempting to "conquest" their queries.** Advertisers may bid on a competitor brand's keywords in order to capture some of that brand's demand, thereby stealing clicks and leads. They may also capitalize on a brand's negative publicity, seeking to grab share at a time when issues with products, fulfillment or customer service make it more likely that consumers will switch brands.

Companies should test brand term bidding in order to understand how bidding on their brand term(s) impacts click yield. This practice will allow them to assess performance and return on ad spend. Bing Ads research has shown that results of these tests vary by advertiser, industry, company size and even seasonality. Therefore, brand term bidding should be evaluated case-by-case.

The beauty of search advertising is that advertisers have access to analytics to make data-driven decisions, such as whether or not to bid on their brand keywords. But these insights can only be obtained by thorough testing -- the best way to really understand the most profitable approach for your brand.

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