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## PPC Spending in a Recession: A Clear ROI

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During a recession, companies have a prime opportunity to gain market exposure online. Competitors are spending less money and, more often than not, advertising/marketing budgets are the first to go. This opens the door for your company to increase its share of the market.

### Advertising budgets are taking a hit

In February of 2008, Josh Bernoff of Forrester, enlightened us as to why advertising budgets are at the top of the list when it comes to budget cutting in a slow economy: "Consumers in a down market pinch pennies. Brand advertising in mass media loses effectiveness because it's harder for consumers to go from 'I know about that product' to 'I'm going to buy that product' when they're worried about their financial future. And it's less painful to cut ad spending than headcount. Result: advertising budgets suffer in a recession."

### Measurability

Aside from job cuts, some advertising and marketing channels do not have a clear ROI. This certainly doesn't mean they're less effective, just harder to defend than marketing that shows unarguable results.

Branding, for example, doesn't always have a clear return on investment, even if, in the past, it may have led a prospect to call you or visit your site directly. Unfortunately, it is often difficult to measure what drove each prospective customer to their decision. It's more than likely your valuable long-term advertising, but you can't always prove that someone visited your Web site and made a purchase because of your brand advertising efforts. Therefore, you need an advertising channel that can distinctly prove its effectiveness. And no channel is more measurable than pay-per-click (PPC) advertising.

### PPC spending on a budget

Running a PPC campaign through major search engines like Google and Yahoo! can provide a clear ROI in a time when spending is critical. During a recession, advertising dollars naturally float toward performance-based marketing, such as paid Internet advertising. Why? Because when

cuts need to be made, it's easier to make a case for results-driven channels that have a measurable ROI.

### Make the most of your shrunken budget

To make the most of your PPC budget, consider sticking to performance-based keywords. These are the keywords that are driving the highest conversions on your site. More often than not, these are "long-tail" keywords.

Long-tail is a term coined by Chris Anderson, Editor-In-Chief of Wired Magazine. In his book, "The Long Tail," he states that customers are moving away from demanding a small amount of popular products to demanding a wide variety of niche products. The theory then, is that a company can be successful by dominating a large number of niche categories, versus trying to compete in a more competitive market.

## Did you know?

According to a Forrester survey in 2008, 72% of interactive marketers indicated they expect to maintain or increase their digital budgets during a recession. Here's how the results broke down:

- 26% indicated an increase in interactive marketing
- 46% indicated staying the same
- 13% indicated a decrease in interactive marketing
- 15% indicated they did not know

How does this translate to PPC keywords? The term long-tail is often used as a synonym for keywords that are very specific. An example of a long-tail keyword might be 'Callaway fusion golf clubs' while a broad keyword would be 'golf clubs.' Long-tail keywords are usually much less competitive and drive more qualified traffic to

your site, which tends to convert higher and cost less per click. Broad keywords should be avoided, as they are certain to bring unqualified traffic to your site, which means you'll be paying more for traffic that yields low click-through rates and conversions. Users that search more general keywords are probably in a research phase, if they are even considering a purchase at all. However, users searching on long-tail keywords have a much deeper understanding of what they want and, therefore, are more likely to convert. These conversions can happen immediately, and, what's more, they provide instant ROI data.

There are less measurable long-term PPC strategies. Often companies will delegate a portion of their budget to key terms that they want to "own." In other words, they want their ad to be displayed when a particular word or phrase is searched — no matter the cost or how well it performs in analytic data. This is considered to be a branding approach. If you do have the budget, it can be beneficial to own keywords that don't perform spectacularly well, but have little or no cost associated with them. Remember, you may not be getting clicks for a relevant term in your industry, but if a lot of people are seeing your ad (impressions), you may be getting exposure without paying a dime. Click-through rates do carry some weight on whether your ad is displayed, so you'll most likely benefit from more clicks if it is a competitive term.

An integrated marketing strategy is always the best approach when the budget allows for it. But when economic hardships are imminent, PPC spending is a foolproof tactic to show your advertising dollars are going to work for you. If your company or organization is considering cutting out a particular channel in your advertising budget, you may want to consider moving those dollars to a more quantifiable channel instead.

Have a branding challenge that you'd like help with? Contact Bob Murphy at 630-570-4803 now or visit us online at [www.moveo.com](http://www.moveo.com).

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