

Case Study | Bidding on Your Own Brand?

There is a fundamental debate in the industry about whether to spend more of your own money in order to convert orders from your own brand. You've already spent millions establishing your brand identity, why in the world would we then spend MORE money knowing those same people are going to find us organically anyway? Give me one good reason! Well... Here's Three:

- 1. If you don't – your competitors will.** YOU MUST CONTROL YOUR OWN BRAND. We once tested this for a client that sold a \$3,500 surgical procedure, and what we did was we bid exclusively on competitors. Our cost per conversion was around \$200 on these competitive terms – so our simple question was, would you be willing to pay \$200 more in order to not lose a customer? The answer was obvious. A secondary benefit of bidding on our own brand name was not only to win the customers, but to ensure that our competitors didn't. By bidding on our own brand term, your relevance versus your competitors, you can get away with paying under \$1 for your brand – and as it is creative revenue for Google, it makes it exponentially expensive for anyone that bids on it. For example, you will see a 20% CTR on your brand term bidding \$1 per click. A competitor will see less than 1% CTR on that same brand term (b/c it's less relevant), which means they have to bid greater than 20x what you are in order to make Google the same amount of revenue. Google only cares about revenue – therefore the competitor will eventually go away as long as you are generating revenue for them.
- 2. Control and direction.** Conversion rates on paid brand ads are typically 3-5% (some as high as 5-8%), whereas your organic listing is typically 1-3%. By utilizing the paid positioning, you increase your conversion rates at a very cheap price. The reason for this varies, but typically – with paid ads, you control the messaging and the direction the click takes – whereas, if someone clicks on your branded organic result – you go where Google takes you.
- 3. You are not incrementally gaining visits.** In 2011, Google did a study of 400 of their advertisers testing branded keywords in paid versus organic to determine results. The study found that 89% of the ad clicks were incremental to the organic, meaning without the paid – they would be missing out on a huge percentage of traffic from their own brand term. If you're interested – that study is at <http://googleresearch.blogspot.com/2011/07/studies-show-search-ads-drive-89.html>