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INTERNET

Luxury marketers must ramp up paid search spend to maintain visibility

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By PETER FINOCCHIARO

Luxury brands will need to increase spend on search engine marketing to keep pace and maintain visibility in an increasingly competitive paid search market, according to SearchIgnite.

The search company's third quarter report found that marketers are dedicating more energy and ad spend to paid search, growing the channel 6 percent year-over-year for the quarter, indicating that brands should prepare for increased competition over keywords. Brands should also be ready to devote more budgets to Bing in the wake of its promising new partnership with Yahoo.

"Luxury marketers should carefully monitor what is happening on the engines – especially in light of the Bing/Yahoo transition," said Roger Barnette, CEO of SearchIgnite, Atlanta. "While we do not expect cost-per-click prices to rise materially, it's important for luxury marketers to watch their spend and rankings for key terms – especially brand terms – during the migration to Bing's ad serving system.

"Brands should monitor their search programs even more closely in Q4 since this is a critical time for luxury marketers and for retailers," he said. "Ramp up spend during the quarter to remain competitive and retain share of voice on the search pages.

“There will be increased competition this year due to improved economic conditions and increased spend on search compared with last year, which we’ve witness throughout 2010.”

SearchIgnite provides search optimization and digital media attribution tools for digital marketers.

Search gains steam

The negative impact of the recession on search engine marketing in 2009 is beginning to fade away.

Growth in paid search spend increased each month during the quarter, jumping from 4.9 percent in July to 5.8 percent in August and 6.7 percent in September.

That acceleration suggests that the fourth quarter will be a competitive one for the industry.

Additionally, new developments in the channel signal a potential wind change in the ecosystem.

Bing and Yahoo recently reached an agreement where the Microsoft search engine will now power inventory for both platforms.

The partnership gives Bing control of over an estimated 30 percent of the market.

Early results show click-through rates increasing for advertisements served on the combined inventory, indicating that the Bing algorithm is stronger than Yahoo’s, per SearchIgnite.

While many speculated that cost-per-click would increase under the partnership, early evidence suggest that little price inflation has occurred.

The findings signal that Bing could be a serious competitor to Google in the future, and luxury advertisers should keep their eyes open to see how the partnership impacts the channel.

Luxury best practices

Luxury brands should focus on making sure they leverage the strength of their brands to increase the results of their search campaigns.

This means keeping an eye on their rankings for brand terms and keying in on their brand name and equity messaging when investing in search advertising.

Incorporating messaging from marketing initiatives in other channels such as television and print is a good way to reinforce key words with consumers and encourage searches for branded terms.

Finally, luxury marketers should be cognizant of search inventory availability.

“Ensure that you have an inventory management system in place that integrates with your search management system," Mr. Barnette said. "This will ensure that you do not waste valuable search budgets on keywords promoting items that are not in stock."

Final Take

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