

## **Is PPC Cannibalizing Search? Exposing the Lies, Half-Truths and Reality of Today's SEM**

by Gary Angel

In the past 18 months, many companies have become much more interested in finding the right balance between their Search Engine Marketing (SEM), Search Engine Optimization (SEO) and Pay-Per-Click advertising (PPC) programs. No doubt, this is at least partially due to a resurgence in emphasis on SEO as companies began to feel that their PPC efforts were either at or beyond their scalable limits.

In general, what our studies found is that PPC buys will often cannibalize organic listings – sometimes quite heavily – sometimes not very much at all. Cannibalization is likely to be heaviest for brand listings (but even this varies greatly). It is also generally confined to listings where the PPC buyer has a top 3 position in the organic listings. Finally, they found that in every case, PPC buys provided at least some incremental lift over the organic listings alone.

From this set of findings, we've generally recommended that companies that have strong SEO programs (or just good organic listings by dint of brand/site) weigh the effects of organic cannibalization when making PPC buys. That doesn't mean not buying words where cannibalization might (or does) occur. It means that PPC buyers should measure if cannibalization exists and weight the cost of these words appropriately – so that when they optimize their PPC buy, these words aren't over-bought in comparison to other keyword opportunities.

This made it especially interesting to hear about the take on this same data produced by the major search engines for some of their significant clients – which were strikingly similar to each other and bore a simple and unsurprising theme of “spend more.” What is this “Yooglesoft” view? Well, let's start by saying that the Yooglesoft view is based on data that might easily (but I'm assuming didn't) come from one of our studies. However, the data they talk about typically illustrates only one part of the equation – the increase in incremental lift. The Yooglesoft view essentially boils down to this: with PPC Ads in addition to organic listings you get incremental lift.

True. Undeniably true. Uninteresting. But true.

But even though you should have every reason to be wary of Yooglesoft's best practices – and while they often don't make a particularly compelling argument – there is more to be said on their behalf.

Some practitioners will argue that the type of company most effected by this (big players with significant organic presence) simply can't afford to give up clicks to the competition. On this view, the simple fact of incremental lift would be sufficient to justify ignoring organic cannibalization. This argument doesn't carry much weight. If it were true, then these companies would be obliged to buy nearly every search term in existence – since they all must provide at least some incremental lift. This view would, no doubt, be congenial to Yooglesoft – but even they wouldn't really consider it a best-practice!

So the argument should probably be re-stated as this: the words that a company owns high organic position on are generally the most relevant to them (especially our branded terms). And for the big company's with strong organic presence that we've been talking about, perhaps they shouldn't be willing to sacrifice any of these heavily qualified clicks to a competitor.

I think there's some sense in this view – and depending on the short-term goals for a company in terms of market-share it might even underscore a viable strategy.

But even this proposition, however, seems mostly doubtful – as any argument which ignores cost is bound to be. There are a myriad of ways to spend marketing dollars – and as the cost per click for any specific term goes up – so too do the number of alternative methods of spending that money which might make more sense. For any organization with a fixed marketing budget over a specific term (which is, I take it, every marketing organization in the world), knowing the actual cost of an acquisition by channel is essential to constructing an optimal balance. And the gist of our claim is that you can't assign a true cost to the PPC program for these words unless you measure the organic cannibalization.

In the end, the argument that you should measure as well as spend is every bit as self-serving as the Yooglesoft view – coming as it does from measurement practitioners. But not all self-serving views are created equal – as thinking about PPC and organic cannibalization from both perspectives will surely lead you to realize!