



iPROSPECT REPORT:

Natural Search Trends & SEO Performance

2013/2014 Year-over-Year

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iProspect^{ip}
Driving Digital Performance

Introduction

Your search engine optimization (SEO) strategy plays a critical role in defining your brand's customer experience – the way customers discover you, connect the dots between their needs and your products, and ultimately engage and convert. 89% of people use search engines in making a purchase decision, 71% of enterprise purchase decisions begin with a search, and according to a recent study from respected PR firm Edelman, search engines are by far the first source for general information compared to newspapers and television, and have recently become the primary source for discovering breaking news.

Natural search performance is affected by a wide variety of factors. As a customer-facing element of your digital marketing ecosystem, SEO provides a point of two-way communication with your customers. This

“conversation,” which has been deeply enhanced by the growth and evolution of content marketing, is influenced by customer opinions, confidence, and behaviors as much as it is influenced by traditional search engine signals.

From 2013 to 2014, we saw an overall increase in the traffic and conversions attributed to natural search. In addition, the reach and influence of SEO and natural search are growing at faster rates than those related to paid search.

Despite impressive performance, SEO continues to be an often-overlooked (or even actively avoided) opportunity for brand development and sales growth. While many brands are deterred by the heavy resource demands, the brands that do invest time and dollars in



strong SEO are positioning themselves for long-term stability and success.

This report is based on a review of the in-house analytics data of more than fifty U.S.-based brands whose SEO efforts are managed by iProspect. The sample includes data more than 1.1 billion natural search results and represents \$2.4 billion in natural search revenue. While the report focuses on broad year-over-year (YoY) performance, the trends and insights gleaned provide useful benchmarks as we look ahead to 2015 and the SEO opportunities that await strategic, performance-driven brands.

Reviewing Overarching Trends: A Look at Primary KPIs

Traffic Is Up

Natural search traffic overall is up 19.80% year over year. There are many factors that contribute to this gain including the positive influence of the proactive SEO strategies enacted by the iProspect clients providing the data for this report, and the variable influence of customer behavior.

On the customer behavior side of things, we are finally transitioning out of a period of low customer confidence. (Current data reflects the highest confidence ratings since 2007.) This shift has the

	NATURAL SEARCH TRAFFIC	NATURAL SEARCH CONVERSIONS	2014 TRAFFIC CONTRIBUTION	TRAFFIC CONTRIBUTION CHANGE
Overall Incl. Ecom & Lead Gen	19.80%	27.24%	20.90%	15.00%

potential to increase traffic in two very different ways. On the one hand, improved confidence typically leads to a general increase in shopping activity. On the other hand, having just survived a long and fairly intense period of doubt and belt tightening, buyers have been conditioned to do a lot of research and “shopping

around” in order to find the best deals. Both of these conditions drive traffic because they encourage deeper engagement over a greater number of touch points.

Conversions Are Up

In addition to increases in traffic, we are also seeing consistent improvements in performance with higher conversions in almost all categories across ecommerce (direct online sales) and lead generation (including behaviors such as registration, requesting additional information, etc.). Overall, conversions are up more than 27.24%, and it's also worth noting that the year-over-year increases in conversions are typically higher (in some cases substantially) than the increases in traffic. We will explore these numbers in more detail when we look at specific verticals.

Growth Exceeds Paid Search

Our first quarter report on year-over-year paid search trends showed a -9% drop in impressions and a 9% increase in clicks, approximately half the gain made in natural search traffic.

The drop in paid impressions can be partially attributed to Google's implementation of several search-related products including the Knowledge Graph, Instant Answers, and the Carousel. Each of these products push both paid and natural results farther down the search engine results page (SERP), reducing the chance that customers will click (or even see) those links.

Given that a clear majority (60% - 80%, depending on the source¹) of clicks drive to natural listings, the accelerated growth, as compared to paid search, is even more impressive.

In addition, natural search's contribution to total site traffic grew from 17.8% to 20.9% for a 15% YoY growth spurt. Natural search's conversion contribution was less dramatic (growing from 18.9% to 21%), but still strong at 11% YoY growth.

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Taking a Closer Look: Breaking Down the Verticals

Ecommerce

Overall, natural search traffic and contribution are up in this category (37% and 19% respectively). Natural search conversion rates, however, remained relatively flat at 1.15% due to the market circumstances and resulting customer behaviors.

Given that traffic grew nearly double the overall average growth rate we saw for all sites, and the healthy growth in contribution (from 22% to 26.40% of site traffic), 2014's results show natural search to not only be a fast-growing channel for Ecommerce sites, but an important factor in their overall growth.

	NATURAL SEARCH TRAFFIC	NATURAL SEARCH CONVERSIONS	2014 TRAFFIC CONTRIBUTION	TRAFFIC CONTRIBUTION CHANGE
Ecom All	37.00%	41.50%	26.20%	19.00%
Ecom Apparel	33.06%	32.98%	26.40%	3.93%
Ecom C&E	44.25%	56.51%	24.70%	37.90%
Ecom Travel	33.79%	57.45%	50.90%	-13.10%

Apparel

Traffic from natural search is up 33.06%, but a slightly lower growth rate for conversions leaves us with a flat conversion rate. Natural search's share of total site traffic did see a small increase from 2013 to 26.4% (just under a 4% lift). Although the contribution increase is modest, it still tells the story of natural search's growing importance for this segment.

In addition to the market influences we've already discussed (customer confidence and research behaviors), we believe that the continuing rise of content marketing across a broader range of segments also contributes to slower conversion growth. Though content marketing was originally used more widely by business-to-business brands, it is quickly becoming a marketing staple for consumer brands as well, helping to increase engagement, but also potentially extending the path to purchase.

Finally, it's worth noting that this category represents the largest group of clients reporting data. Based on overall scale, traffic outperformed most segments, demonstrating a close correlation to the impressive growth we saw for this category in paid search (up 25.4% YoY, nearly three times the average of 9%).

Consumer Electronics and Communication

While the numbers indicate that this category is one of the strongest in terms of traffic (44.25%), conversions (56.51%), and contribution change (37.90%), it's important to note that the data sample is limited due to the exclusion of figures that would have skewed the averages.

Despite the smaller data sample, we believe that the numbers represent broader trends for this category. Several of the brands contributing data launched new and better-optimized websites in 2014, providing a market advantage via improved visibility and greater engagement.

Travel

Though the travel segment saw strong traffic increase (33.79%) and the strongest conversion rate in the ecommerce category (just over 2%), it was the only segment to show a drop in natural contribution to overall traffic (-13.10%).

Paid search, too, saw similar performance changes with a -13% decrease in clicks for Q4 YoY. While this trend is out of step with every other ecommerce segment we analyzed, these shifts in natural search appear valid for the segment as a whole, given that both paid and natural search performance were affected by the introduction of various Google products that reduced available SERP real estate.

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Lead Generation

Overall, the lead generation category shows much slower traffic growth than the ecommerce category (2.75% YOY), but stronger growth in conversions (12.56%). Trends are more difficult to spot in this category where the definition of a conversion varies, resulting in a prevalence of extreme highs and lows in YoY performance for individual brands.

In addition to the lower conversion stakes (completing a lead generation registration form vs. making an ecommerce purchase, for instance), customer behavior in this category may be affected by greater familiarity with and exposure to content marketing tactics. Many consumer brands are just beginning to invest more heavily in content marketing strategies, but most B2B brands and their customers have been engaging via content for a while, so the influence of content on customer behaviors has more or less leveled off.

	NATURAL SEARCH TRAFFIC	NATURAL SEARCH CONVERSIONS	2014 TRAFFIC CONTRIBUTION	TRAFFIC CONTRIBUTION CHANGE
Lead Gen Total	2.75%	12.56%	17.10%	8.20%
Lead Gen Pharma	71.18%	N/A	39.50%	9.70%
Lead Gen B2B	34.96%	3.68%	N/A	N/A

Pharmaceutical

Despite heavy regulatory burdens and the challenges of having to manage a wide range of compliance, legal, and technical challenges inherent in their business, pharmaceutical brands represent the fastest growing category across both ecommerce and lead generation with a 71.18% increase in traffic, and a 39.50% contribution to total site traffic.

This growth is, in part, driven by a pronounced expansion of content, websites, and products as well as by

aggressive and highly integrated SEO strategies that are tailored to meet the needs of very specific, niche audiences.

Since the scale of the traffic is much smaller than in other categories, even small gains have a substantial impact on overall performance, underlining the efficacy of strong SEO strategies in a difficult environment.

Business-to-Business (B2B)

While B2B traffic gains may look modest next to the phenomenal growth in the pharmaceutical segment, B2B's 34.96% traffic increase is still impressive and nearly twice the overall average and fifteen times the lead generation average.

Also, though the percentage of conversions seems small, this segment actually has the strongest conversion rate at approximately 10%. So despite having to contend with the cautious buying behaviors that emerge with a tough economy, the B2B segment is actually showing some very healthy growth.

Predicting What's Next: A Look at 2015

Continued Growth

While we all realize that search activity will eventually have to level off, it clearly hasn't yet peaked. However, while the trends show continued overall growth and expanded opportunities, it's important to acknowledge that the environment and related customer behaviors are changing.

SEO creates and is driven by the customer experience, and that experience is evolving. Google and Chrome (which defaults to Google for search) may still be the 800-lb gorillas in the room, but other players are maneuvering to carve out their own territories via innovative partnerships and alliances, such as Yahoo's inclusion as the default search engine for Firefox, and its fight to win the same status in Safari. In addition,

mobile devices and apps introduce new ways for customers to engage in search activities that affect both paid and natural search channels. Targeting your search efforts to the mobile user experience will become more important to winning top rankings, and monitoring app usage alongside your website will become more critical in evaluating your digital performance.

Brands that hope to succeed in this mercurial ecosystem need to be open to new approaches, tools, and tactics. They need an SEO strategy that is built on deep insight, industry knowledge, and best practices, but also highly agile and adaptable. Experimentation and performance measurement will be critical to success.

Mobile Focus

As with almost every other channel, mobile is poised to become a game changer. Customers are migrating to mobile in unprecedented numbers. Our data shows that desktop share of paid search clicks fell from 64%

to 58% (Q4 YoY for 2013 vs. 2014), and during the same time period mobile share grew from 17% to 26%. We expect to see similar trends emerging for natural search.

Mobile is a fast-evolving channel. Forward-looking brands need to consider not only the devices and technologies that are on the table today, but also the opportunities and constraints of new technologies such as wearable devices.

It's no longer enough to be compatible with the mobile channel. Responsive design is mandatory, but the leaders in this space will take it a step further with adaptive SEO strategies that are driven by the individual customer's specific context and experience. Ultimately, it's that experience that is the key. The smartest (and most successful) brands will find ways to make their SEO strategy an asset for the customer as much as for their brand. They will become the "go to"

de facto mobile resource for customers by providing relevant value that's designed for the mobile experience.

Google Influence

Google will continue to be a key influencer in all things search related. While there is some indication that they may be reducing usage of certain products, like the Carousel, they will continue launching and testing new products like Knowledge Graph and Instant Answer.

The smartest strategy is to learn everything you can about Google's products and how you can integrate them into your SEO strategies. Leveraging resources like Schema.org microformatting to better align with Google's technologies and vision for search can put you and your brand in a position to evolve alongside search engines.

SEO and PPC Integration

Even as we isolate the data and trends related to natural search, it's critical to remember that – from the customer's point of view – natural and paid search results are inseparable. Where marketers see two distinct channels, customers see the search results page as a single set of answers to their question.

By skillfully integrating your SEO and PPC strategies, you can develop efficient, effective ways to achieve your search objectives. There are many crossover points from implementation to measurement that you can use to strengthen your overall efforts. For instance:

- **Messaging:** Use insights gleaned from your best-performing CTR ads to inform your SEO tactics. We have seen this strategy yield 20% - 80% lifts in clickthrough rate, including brand terms. We have also successfully reduced costs on brand terms by more than 60% without affecting traffic by managing paid and natural search sitelinks in a coordinated way.

- **Positioning:** Boost traffic rates 20% or more without adding a cent to your budget by monitoring natural search positioning to identify opportunities to reduce spend on nonbrand terms, or even drop out altogether when you have a strong natural search position. Alternately, use aggressive bidding on keywords for which you already rank highly to boost conversion rates (we've seen gains as much as 6.5%) while depriving competitors of visibility.
- **Data:** Monitor and analyze paid and natural search performance together to ensure that improvements in one channel aren't just cannibalization of the other.
- **Teamwork:** Take advantage of the opportunity to have more minds and broader expertise working together, sharing strategies and insights, and ensuring the best search performance across both channels.

Doing SEO is hard. Doing it right is even harder. But, in 2015 it will be increasingly important to make the investment in smart, comprehensive SEO strategies. Brands will need to address all aspects of SEO from the technical foundation and infrastructure to the insight research to the creation and distribution of content. More than any other digital marketing tactic, SEO needs to be approached as a holistic and cohesive practice, not an ad hoc campaign.

SEO requires a lot of effort, internal coordination and collaboration, and a long-term vision; but in our experience the effort pays hefty dividends. Strong SEO provides a definitive and quantifiable advantage that grows exponentially over time, giving your brand the edge with a superior customer experience that expands your reach, increases engagement, and deepens customer loyalty.

If you'd like to learn more about our data, the strategies behind it, or the performance those strategies delivered, we'd love to hear from you.

About the Data:

- Data pulled from the in-house analytics of more than 50 brands in 7 vertical industries
- Data represents 1.1 billion natural search visits (which drove \$2.4 billion in natural search revenue) and 4.7 billion total site visits.
- Data for the consumer electronics and communication excludes data reported by a particular client whose numbers were unduly affected by an on-going SEO transition as well as international search data associated with brands in this category.
- All SEO managed by iProspect U.S.

THE BOTTOM LINE: SEO WILL BE MORE IMPORTANT THAN EVER.

About iProspect

iProspect is a global, award-winning marketing agency that drives digital performance for many of the world's largest brands. A trusted partner with an in-depth understanding of consumer behavior, iProspect reshapes brand strategies to meet the fast-paced demands of the convergent world with a focus on exceeding the client's business objectives. iProspect delivers personal, adaptive and valuable digital experiences utilizing proprietary solutions including: paid and natural search, content generation, data & insights, social media management, structured data and feeds, performance display, conversion optimization and affiliates.

Partnering with clients such as General Motors, adidas, Neiman Marcus, T-Mobile, Hilton Worldwide, Lenovo, and many others, iProspect has been named the "Best Agency for Performance Marketing" by iMedia for 3 years in a row.

iProspect is the first truly global digital performance marketing agency, with 2,000 employees in 65 offices across 48 countries. For more information, visit www.iprospect.com or follow us on Twitter @iProspect.



About the Authors

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As Director, SEO, Herndon is a key member of our search engine optimization practice. He brings to the team 13+ of experience in online and offline marketing strategy — including ten years in search marketing — for a wide range of travel, retail, luxury and lead generation brands. He has been a regular contributor at Search Engine Watch, and has provided thought leadership to publications such as DM News and Marketing Sherpa. Herndon works hands-on with our top clients and campaigns, as well as plays an influential role in the wider promotion and development of the SEO practice within iProspect.

Steve Beatty, Senior Director of Owned Media, iProspect

As Senior Director of Owned Media, Steve works with a variety of iProspect's Fortune 500 and 100 clients, including T-Mobile, IBM, KBB, Levi, and Rackspace. He has worked in online marketing for 13 years across several industries, such as mobile, e-commerce, clothing, real estate, and hospitality. Throughout his career, Steve has continued to grow in digital expertise, including project management, SEO strategy and paid search management.





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