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Brand name and Premium Position influence on Net-surfers' searching behavior: Implications for managing the relationship between organic and sponsored-based positioning

Abstract: Search engines are the main interface to get access to web-contents and products' information on the web. Therefore, ranking high in SERP (Search Engine Result Page) is critical to get access to prospect. In this paper we investigate how brand name and premium position influence users' searching behaviour. Our results, based on two laboratory's experiments, shows that brand has an influence on users' searching behaviour. Users prefer to use brand name as keyword to get access to companies' web-site. Furthermore, users do not make much difference between sponsored and organic links to get access to companies' web site. Consequently, Premium position strengths the need to invest on keyword advertising to complement organic one and maximize the likelihood to be clicked through.

Introduction

Search engines are ever more becoming strategic marketing tools. In 88% of cases the first thing a user does when is required to accomplish a task on the Net is to visit a search engine (Nielsen and Loranger, 2006). 82% of consumers claim to have used a search engine to decide which product to buy. Search engine are responsible for 41% of on-line transaction (Assinform, 2004). In a sample of 1.000 buyers, 51% claim that, in case of transactions that worth more a 1.000 US$, they have started their search information from a search engine.

However, being ranked by search engines is not sufficient to get prospects on companies' web-sites. The position occupied in the rank is also critical. In 90% of cases users do not get to the second SERP (Search Engine Results Pages). The fist link on a SERP receives on average 51% of the click through. The second receives on average 16% of the clicks. 80% of the clicks are distributed between the four links. Therefore, occupying the first two links on a SERP is critical to get customers on companies' web site (Neilsen and Loranger, 2006).

Finally, the probability to be clicked trough changes according to the type of link. In a SERP, as we shall see, there are two types of links: organic and sponsored link. The firsts occupy the main body of the SERP. The seconds are on the right column. Therefore, organic links are more visible than sponsored ones. Furthermore, the position in the SERP is also determined in a different way. In case of organic links this depends on an index that takes into account web-

page's quality and reputation. Differently, in ranking sponsored links search engines takes into account also of the price that companies are willing to pay for being clicked through.

The business of search engine providers such as Google consist of wining a large customer base in order to attract advertising investors on their SERP. For this reason search engine providers are required trading off between quality of the service provided free of charge (organic links) and the possible annoyance produced by a paid services (sponsored link). This risk has prompted many providers to minimize the room for sponsored links. The main effect is to reduce the incentive for advertiser to invest on sponsored link. Therefore, Google has attempted to leverage the attractiveness of its pay-per-click service by introducing a premium position. This is an area that contain no more than three sponsored links that is positioned above the organic area, which is the most visible SERP's area.

The main objective of this paper is to understand how brand name and premium position influence users' searching behavior. There are two reasons why we believe this problem interesting. The first is to evaluate to which extent the premium position has an impact on organic links' visibility. This evaluation is relevant from two points of view. On the one hand, it is relevant for companies that have to decide how resources should be allocated between the management of their organic position and the management of sponsored position. It should be considered that a company in order to improve its organic position is required investing on the development of high quality contents and knowledge of its customer in order to improve its web-site' reputation. Customer do not look for web-pages, but for answer to their questions (Nielsen and Loranger, 2006). Therefore, providing answer to these questions requires companies knowing their customers and advocating them in order to improve companies' reputation for providing high quality information (Pilotti e Ganzaroli, 2006; Ganzaroli e Pilotti, 2007;2008; Urban, 2005; Lorenzon, 2008). These are expensive activities compared to the costs of investing on sponsored links. Therefore, if premium position has positive impact on sponsored links' productivity, companies are expected to disinvest on the development of web-contents in order to invest on sponsored links. On the other hand, it is also relevant for search engine service providers, which may use these results to evaluate whether premium position has a negative impact on users' perceived quality.

The second motivation for addressing this specific problem is to understand how brand name interact with premium position and organic one. In fact, users may prefer to use generic keywords, such as insurance, when are looking for products to compare, but a brand name when they have already choose for the product they want to buy. If this is the case, it implies

that company's sponsored link is in premium position. Therefore, it may happen that organic links contribute to build brand awareness, but sponsored links produce conversion, such as an order. A percentage of the compensation web agencies receive for their work depends on conversion productivity and not contact productivity of links. Furthermore, many companies prefer to outsource the management of organic and sponsored position to different web agencies. Therefore, the interplay between the use of the brand name as keyword and premium position may be source of externalities and distortions in the market.

Our results are based on two laboratory experiments. The first has been conducted through direct observation. It involved a group of 50 students. The main objective was to define a set of guidelines useful to design the on-line testing environment for the second experiment. The second has been conducted on-line. It has involved a group of 100 individuals. The sample has been constructed into two phases. In the first phase we collect demographic data on a list of persons that were willing to participate to the experiment. In the second phase the final sample has been constructed in order to taking into account participants' age. In both experiments users had to perform two tasks. The first was to collect information on a given product/service. A car insurance in the first and a training course in the second. The second task was to place an order for a given branded service. The idea was to see how users behave once they already know the brand of the product they were looking for. In order to test the influence of premium position results, we asked users to perform the second task in a SERP[1] with a premium position and in a SERP without premium position.

Our results show that both private label and premium position influence searching behavior. If users were asked to perform a generic search they mainly relay on organic links. Differently, when they know the brand to be searched the probability that a sponsored link in the premium position is selected increases. This result is extremely relevant. The main motivation is that organic position and keyword advertising campaigns are not necessarily being managed by the same web agency. Therefore, the premium position may be a source of negative externalities. Organic link may contribute to generate brand recognition without being able to capitalize on the value generated. The extension of these externalities is only partially internalized by users' experience. Users' experience influence negatively the probability that a sponsored link in the premium position is clicked even if the brand to be searched is already known. Experienced users, in fact, do not perceive these links as information, but advertising.

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1   Search Engine Resulting Pages

We conclude our analysis by claiming that the introduction of a premium position has strength the link between organic and sponsored positions.

The structure of the paper is the following. The first part is devoted to the construction of the theoretical background. Two major aspects are deepen. The first is the role of searching engine in Internet. We argue the efficiency of these tools are corner stone to Internet extension and information specialization. The second is the way these tools work. From this second perspective, we address the way links are ranked both organically and on a payment-basis. The second part is devoted to methodology. In these part we describe how the two experiments have been designed and performed. The third part is devoted to comment the main results achieved and to derive marketing implications.

Search marketing: How companies may leverage their web position on SERP

Search marketing is a form of internet marketing that seeks to promote website by increasing their visibility in SERP (Search Engine Result Pages). According to SEMPO (Search Engine Marketing Professional Organization) search marketing includes SEO (Search Engine Optimization), paid placement and paid inclusion. SEO improves volume and quality of traffic to a website by improving web site organic position, in the list of non sponsored links. Paid placement achieves this objective by bidding for being displayed in a SERP as sponsored link. Finally, paid inclusion buy visibility by paying a fee to a search engine provider to be included in its search indexes. This service is provided by most search engine company. Google is the most notable exception.

Optimizing web pages to rank high in a search engine requires understanding how search engine works and how web pages are indexed and ranked. A web search engine is an automatic system that classify the information available on web pages in the Net in order to provide a rank that organize this information according to its relevance to a given keyword. The work of a search engine is the result of three activities. The first is the one of collecting information. This activity is performed by a spider, which is a software intelligent agent that has been programmed to surf web links and trained to evaluate the usability of web pages. The next task is the one of indexing. This activity is also performed by an intelligent software agent that has been trained to categorize and rank web pages according to a set of criteria and programmed to store information about each web page into a data center. The last activity a search engine performs is the one of searching. To perform this activity search engines access the data center and retrieve the information on the web pages that have been indexed and are relevant to the keywords inputted by the user. All the relevant pages are listed and ordered in

a SERP according to their rank of relevance with respect that keyword. Therefore, a web page ranks high when it has been designed according to the quality requirements of a search engines. The work of SEO (Search Engine Optimizer) is that of reverse engineering those criteria by the mean of a strategy of trial and error.

The rank of a web page in a search engine depends of two sets of requirements:

1. On-page;

2. Off-page.

The first set of requirements are about the relevance of a web page to a keyword/argument. Therefore, the content of a web page and its components are took into account. A set of text mining tools are used to measure the content of web a page and its quality, such as key word density and readability index. To improve the quality of the rank an additional set of components are took into account. These are meta-tags, tags, tags imagines. The first are HTML tag that web developers use to provide information on the content of a page. The content of these tags is not visible to the final users. The second are tags that are used to define headlines. These are important to evaluate the coherence between headline content and paragraph content. The third provide a description of images in the web page. Therefore, it is also useful to establish the coherence between contents and images.

Off-page criteria, differently, are concerned with the popularity of a web-site/web-page. This is an index that increases with the number of links that are external to a web-site/web-page and point to that web-site and web-page. Furthermore also the quality and reputation of the external sites that provide link is even more important. The rationality is that the more a web-page is linked by external-high quality source, the more that page is relevant to the topic discussed. Google has been the first to introduced this technique. Spider collects information about all the links present in a web pages and the relative anchor-text. This information is used ex-post to reconstruct the structure of the network and to establish its popularity in the Net.

Organically positioning a web page requires knowing the criteria a search engine uses to index web pages. These criteria are not made available. Each search engine company provide web designers with a set of guidelines to improve the rank of their pages. However, the detail of how their algorithm work is kept secret, on the one hand, to avoid the opportunistic exploration of this information by web designer and, on the other, to prevent competitors to take advantage of it. Therefore, SEO are required implementing a permanent reverse

engineering strategy to discover the way criteria are evolved and improved. However, improving the rank of web-site/web-page requires investing on developing high quality contents and on cross-referencing/linking. Developing high quality content improves web-site rank and attract external links. Therefore, it also increases indirectly the rank of a web-site. The strategy cross-referencing aim at increase visibility by stimulating others to reciprocate the link to their web-pages.

The main advantage of a SEO strategy is that generates sustainable results. However, succeeding in this strategy requires firms bearing substantial up front costs and committing to a long term plan. Paid placement, on the contrary, produces results in the short run, but these are less stable and the quality of the traffic attracted is often of lower quality. Sponsored links are often perceived as advertising. Therefore, these links are less trusted as source of useful information. However, there are situations – such us in highly competitive or seasonal industry, when a new product/service is lunched or to safeguard brand reputation[2] - when paid placement is more effective than SEO. Paid placement is a service that most search engine providers offer. It consists of offering the opportunity to be listed on SERP to the "best offerer". Sponsored links are typically listed in a specific area of the SERP under a header that inform users on their sponsored character. There are two model placement. The first, most common, is called pay per click. Advertisers pay only if users click through the link. The second is pay per impression. Advertisers pay anytime the advertise is exposed.

The components of a keyword campaign are mainly three:

1. The text of the advertising;

2. The landing page;

3. The link to the landing page;

4. The keywords to be matched;

5. The price the advertiser is willing to pay.

The best offer does not only depend on price, but also the other components are relevant. For instance, Google makes rank that takes into account the quality of the text-message and the price for the given keyword. Therefore, the quality of the text is relevant to stimulate users to click through and to gain position in the rank.

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2   For instance, it is allowed to bid on brand name. This implies that a company may buy the brand name of its competitors to try to attract customers on its web-site.

SEO and paid placement are not mutually exclusive. On the contrary, these two strategies are ever more combined together to optimize the capacity of a web-site to attract customer and maximize conversions. On the one hand, a SEO strategy does not only produces results in the long run, but it is often exposed to the risk of changes in ranking criteria by search engine providers. The term *Google dance* is used among practitioners to identify the phenomena of unexpected and frequent changes in SERPs due to changes in the ranking criteria by Google. Furthermore, ranking high both in the organic part and in the sponsored one augment the likelihood to be clicked and to be reminded. Therefore, a strategy that integrates both organic and pay per click should contribute to increase brand awareness.

Lately, Google has introduced a premium position. This is an area on top of organic position that contains a maximum of three sponsored links. Its presence is highlighted by a different background color. Google introduced this additional area to increase the visibility of sponsored links and promote keywords advertising on its search engine. The objective of this study was to understand how the introduction of a premium position has changed users' searching behavior and indeed the complementarity between SEO and keywords advertising. We addressed a specific problem. This is the impact of premium position on users' behavior when a brand name is used as keyword to search for a company's web site. The relevance of this issue has been suggested to us by TSW, a leading company in the Italian market for search marketing and web positioning. Their hypothesis is that most users when searching for information to compare offer may use the product name as keyword, but the private label to get access to the company' s web site to buy products. If this hypothesis is confirmed, premium position may be source of distortion in the relation between SEO and keywords advertising. It may happen, in fact, that SEO has contributed the most to create brand awareness, but keywords advertising results more effective in stimulating conversions. Therefore, firms may decide to shift part of their investment on keywords advertising with the result of weakening their web positioning.

Methodology

Previous section has been devoted to define and motivate the objective of this research. In this section we argument the methodology that we have developed to address the problem defined.

In order to understand how premium position influence users' searching behavior we have developed two laboratory experiments. The objective of the first was exploratory. To collect data useful to set up the search engine simulator that we have used in the second experiment

to test our hypothesis. This experiment was based on personal observation. It has involved a sample of 50 students. Students were asked to buy an on-line insurance for their motorbike. Data were collected by observing directly how students accomplished the assignment. Data on users' competence have been also collected. This experiment prove itself very useful because it enable us to structure SERP in order to take into account of peculiar searching strategy students have implemented to accomplish the task.

The second experiment has been conducted on-line through a SERP simulator. This second experiment has involved a sample of 100 individuals. We use a snow ball sampling strategy. We decide to relay on this strategy to make sure that a high level of redemption was achieved. These individuals were asked to enroll in a training course. The sample involved did not have any particular competence on the object of the training course. This could be considered a weakness in our methodology. However, our objective was not to test the influence of premium position in a specific industry, but on users' searching behavior. Therefore, users' knowledge on the subject of the course did not have any relevance to our scope.

The structure of the sample resulted the following. The majority of the participants were male (57%). Most of them were 18-24 aged (37%) or 25-34 aged (30%). The level of formal education resulted high. 51% of the participants had a diploma, 27% a Bachelor and 14% a master. Most of them are employed. Only 31% are still students. The level of experience on the use of internet is quite high: 20% surf the net since more than 10 years, 30% from 7-10 years and 28% from 5-7 years. Furthermore, 82% surf the net with a daily frequency. Crossing these variables we built 5 different cluster: very expert (34%), expert (30%), partially confident (22%), beginners (11%) and inexperienced (3%) (see picture 1).

Grado di esperienza del campione
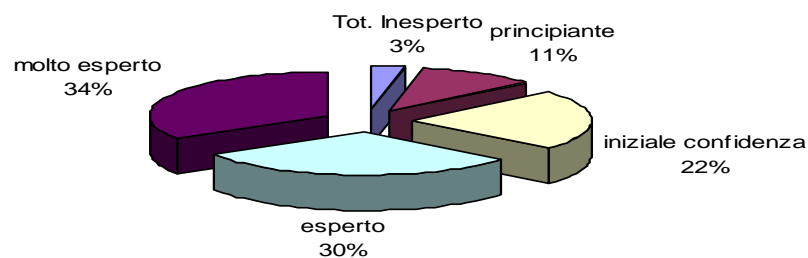
Participants to the simulation were asked to perform two tasks. The first task was to look for a course on the provision of social and sanitary assistance. The second task was to visit the web-site of a company to enroll in a course. Users were not asked to type a keyword, but to browse SERPs and click on the link that sounded more useful to accomplish the task. The first task was composed of three steps. The first step was to look for a course on social assistance. The second to look for providing assistance to elderly people. The third to look for a course to become children educator. For each step users were asked to perform the task assigned into five different SERPs. These SERPs looked similar, but were different in the order of the links and on the presence or absence of the premium position. The main objective in this first phase was to test how position influence the likelihood to be clicked and how premium position changes clinking behavior. The second task was made of a single step. Users were asked to perform the task into five different SERPs. The main objective with this second task was to understand how clicking behavior changed with the position of the link to the web-site of the company, such as first in the organic and first in the premium position or first in the organic and first in the pay per click.

Main results

In the first task of the first experiment, when students were asked to look for an insurance for their motorbike, 92% of the sample made a search using generic keywords. 76% percent of the participants clicked impulsively, waiting maximum 10 seconds, on organic results. The remaining 24% of the sample clicked on a sponsored link.

In the second task, when the goal was to ask for an offer with the best company, the interviewed behave in a different way:
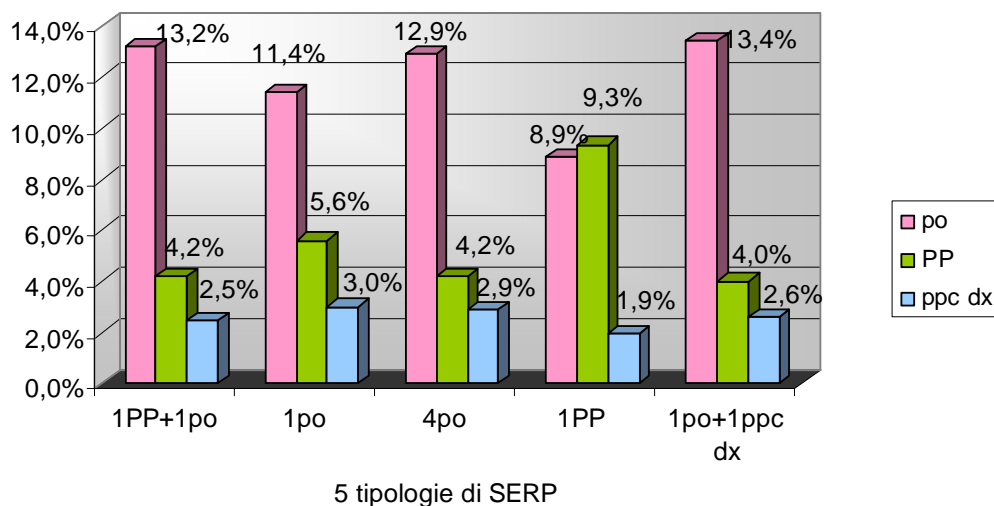
- 40% of them reach the right web site using a generic keyword (insurance) + the chose brand;

- 30% wrote only the brand;

- 30% wrote generic keyword (same strategy used in the first research).

The click behaviour highlight strange evidence: 64% interviewers continue selecting the organic results, and only the 36% chose the link in Premium Position. This happened because not all the company use their own brand in Keyword advertising campaign yet. In this way,

analysing only the cases when results in top position appear, proportions change: 48% click on a sponsored results (more) and 52% click on a organic one.
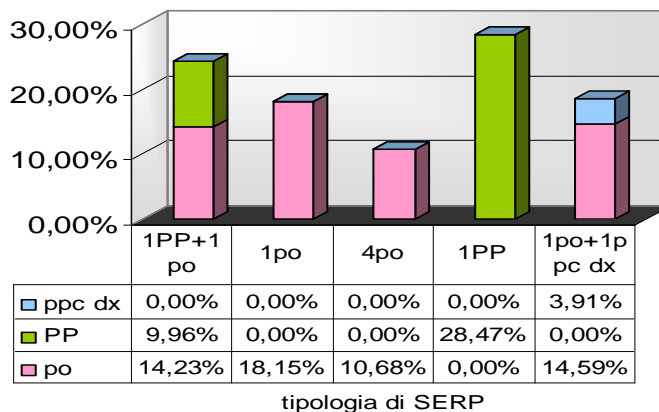
In the first task of the second experiments the results have been the following. Most users preferred to click on organic results (59,8%), around 27,3% have chosen the sponsored results in premium position and the remaining 12,8% has clicked on sponsored results in the right column. In this phase users are looking for the best offer available. They do not know yet the brand. Cortivo, which is the private label that we have used in the second task, maximize the number of click through when it is first in the premium position or when it is first both in the organic position and in the premium position (see picture 2 and 3).

Comportamento in ogni tipo di pagina dei risultati

Picture 2

CTR Cortivo nelle diverse SERP

	1PP+1po	1po	4po	1PP	1po+1ppc dx
ppc dx	0,00%	0,00%	0,00%	0,00%	3,91%
PP	9,96%	0,00%	0,00%	28,47%	0,00%
po	14,23%	18,15%	10,68%	0,00%	14,59%

tipologia di SERP

Picture 3

The outcome of the first task has two major implication:

1. Ranking high in the organic position increases the likelihood to be selected. Therefore, it increases the likelihood to be short-listed for evaluation. The motivation is that users prefer to relay on non sponsored link;

2. However, being ranked on premium position contribute to reduce dispersion. Therefore, it is also relevant to invest in keywords advertising and try to reach premium position in order to maximize the likelihood to be clicked through.

To accomplish the second task users were asked to go to the web-site of Cortivo and enroll in a given course. Five typologies of SERP have been realized, which differ for the position of Cortivo's link:

1. one link in first Premium Position + one in first Organic position;

2. one link in third Premium Position + one in first Organic Position

3. one link in first Organic position + one link in first ppc (right column);

4. one link in first Organic position + one link in fourth ppc (right column);

5. one link in second Premium Position + one link in third Organic Position.

Kind of SERP	Kind of link			
	Organic Position	Premium Position	Pay per click (right column)	tot.
1	46,24%	53,76%	0,00%	100,00%
2	54,67%	45,33%	0,00%	100,00%
3	75,76%	0,00%	24,24%	100,00%
4	80,00%	0,00%	20,00%	100,00%
5	51,72%	48,28%	0,00%	100,00%
tot.	59,94%	32,28%	7,78%	100,00%

The chart shows that the position of the target link determines its visibility and accordingly the click-through. In detail:

1) when the target link is in premium position receives the largest number of clicks and looses visibility in organic position (SERP1);

2) when organic targeted link and sponsored targeted links are close (SERP2 and SERP5) the discrepancy decreases, but the link in sponsored premium position continue to receive a high percentage of click;

3) when the sponsored link is situated in the pay per click right column is almost ignored. This confirms the existence of the Google3 Golden Triangle.

We have also tested if the level of experience on the web have an impact of users' searching behavior. Evidences show that experience play a role when users are looking for information: the more users are expert on web surfing the more they prefer to relay on organic links. This is not true in case users are looking for a company web-site. The reasons might be two. The first is that experienced users know that sponsored link are more direct. They are more cost-effective to close the transaction. The second is that experienced users know that there is not much different. Therefore, they choose the first on the list.

Conclusions

Our study confirms that knowledge of the target brand influence users' searching behavior. Users make use of the brand as keyword to search for a company's web-site. This strategy is cost-effective because it reduces information that have to be analyzed in order to get access to companies' web-site. Consequently, Google premium position has made keywords advertising more attractive to company. Being listed in premium position is necessary to complement the attractiveness of an organic link and maximize the likelihood to be clicked through. The relevance of the premium position does not decrease with users' web-experience. Experienced users knows, in fact, that there is not much difference between sponsored and organic link when it comes the time to close a transaction. Therefore, it might be cost-effective to use sponsored links to get access to companies' web-site. However, companies should not reduce the level of their investment in organic positioning. The motivation is that ranking high in the organic position is critical to short-listed when users are looking for product information.

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3   http://www.enquiroresearch.com/eyetracking-report.aspx

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