

Why Search May Not Click for Retailers

Consumers Going Directly to Retailers' Sites for Six Out of 10 Visits

by [Abbey Klaassen](#)

Published: [November 02, 2009](#)

NEW YORK (AdAge.com) -- As retailers get ready for the holiday season, their first instinct might be to throw as much money as they can afford into search. But recent traffic trends may point them otherwise.

Less than 10% of online retailers' web traffic, on average, comes from search engines, according to an analysis by Nielsen Co.'s Online division.

Nielsen found the majority of retailers' web traffic (61%, on average) comes from people going directly to a retail site -- consumers typing, say, Amazon.com into a browser address bar.

Nielsen's findings are based on second-quarter traffic for 200 online retailers. The analysis shows that comparison-shopping sites, such as NexTag or Scripps Networks Interactive's Shopzilla, collectively accounted for about 1% of traffic. Other referrals, such as affiliate programs or advertising (basically anything that wasn't direct navigation, comparison referrals or search), accounted for the remainder.

The 9.5% of traffic from search also likely included a good chunk of people conducting navigational searches -- typing Zappos into the search bar rather than searching for types of products (shoes) or product attributes (comfort footwear).

Brands matter

Ken Cassar, VP-industry insights at Nielsen's Online division, said a recent look at the top 50 search terms revealed only three that weren't branded -- and those were pornographic.

"When you take a step back and look at that together -- the fact that such a high percentage of people go directly to retail sites and even those that search generally have a pretty clear intent as to which website they'd like to go to -- it makes a compelling argument that brand and past experiences [with a marketer] matter an awful lot and will be far more significant determinants of success than any customer acquisition strategy that they're going to engage in," he said.

The findings, Mr. Cassar continued, "make an important case for the continued relevancy of display advertising. While search gets a lot of credit because it's quantifiable, there's a reason people are typing things like Expedia into the Google search engine."

When looking at the actual transactions and dollar volume that visits from various channels generate, direct navigation gains even more importance.

The challenges of tracking some less quantifiable channels (such as display or even offline channels) have caused some retailers to neglect them and instead focus on what's easy to measure.

Opportunity for display ads

Chris Paradysz, CEO and founder of internet marketing agency PM Digital, was surprised search only generated about 10% of retailer traffic but said the data shows "it's still the big push media channels that are still driving a lot of volume."

He suggested the research provides an opening for display sellers: If they can adopt some of the things that have made search attractive, such as the targeting and the pricing model, they will be in a good position to take some of the dollars marketers have been putting into search.

Still, search is a very important bottom-of-the-funnel marketing channel. It also helps retailers discern intent, in some cases helping them understand what consumer demand looks like.

"The primary reason you have to be there [in search] is it shows explicit intent and because it's so ROI-driven," Mr. Paradysz said. But beyond the issue of return on investment, he said, "there are very real branding implications that have impacts on downstream click activity."

Mr. Paradysz noted many people use search for product research, which influences their behavior down the line. He illustrated an example: You search for a red cashmere sweater, looking for who has the best deal. You see J. Crew has it for \$119 and Neiman Marcus for \$329. You don't buy it then but later head over to jcrew.com and make the purchase.

"You have to have the brand presence," Mr. Paradysz said, "because if you don't, you first don't benefit from the paid search, and second, you potentially lose some of that downstream activity."