



# Measuring the True ROI of Paid Search:

## *The In-Store Impact of Paid Search*

Although marketers have long relied on paid search to drive online sales, they historically have had less enthusiasm for the search channel as a driver of offline, or in-store, sales. The emergence of new cross-channel measurement technologies, however, has begun to change this mindset.

To further explore the idea of paid search as a driver of in-store sales, RevTrax®, a marketing analytics platform, recently completed a study spanning millions of consumer transactions across hundreds of merchants. Conducted between August 2009 and August 2011, the RevTrax® study utilized the following process:

- a paid search advertisement was displayed to a consumer;
- the paid search ad led the consumer to a printable or mobile landing page displaying a coupon with a unique barcode; and
- the consumer redeemed the coupon inside a brick & mortar store.

Utilizing its unique barcode or promo code technology, each coupon was tracked back to the search activity that drove engagement. RevTrax also utilized a variety of proprietary coupon security features to ensure clean measurement of data only from the paid search channel.

Unlike attribution measurement based on correlation analysis, the approach of the study was to use direct marketing to record and analyze how multiple variables impacted individual in-store purchases at a granular level.

### **The Ratio of Spend**

To truly measure multichannel ROI, it is important for marketers to evaluate the impact of paid search as the value of ecommerce revenue plus in-store revenue. Given that for the typical multichannel retailer, over 90% of sales take place in a brick & mortar store, this puts even more of a focus on cross channel attribution.

The RevTrax study found that for **every \$1 of ecommerce revenue generated from paid search, marketers can expect to see approximately another \$6 of in-store revenue.** This data suggests that if multichannel merchants do not factor in-store sales into the paid search ROI calculation, they may be undervaluing the paid search channel by as much as 85%.

### **The Value of a Click**

It is critical for marketers to measure the value of each click on a paid search ad. By creating keyword-level attribution, marketers in the study were able to understand the ROI of each click on a paid search ad at a granular level. For clients with an average transaction size of under \$200:

- The average click on a paid search ad generated approximately \$15 of in-store revenue, with some merchants seeing as much as \$28 of in-store revenue.
- Approximately 9% of clicks on a paid search ad generated an in-store sale, with some merchants seeing up to 26% of clicks on a paid search ad generating an in-store sale.
- Some merchants saw a cost of sale as low as 1%.



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RevTrax's study results also support recent research findings demonstrating the strength of online advertising and search marketing at driving in-store sales. According to an [October 2011 comScore report](#), approximately 70 percent of online ad campaigns provide a double-digit offline sales lift. The report also found that than 40 percent of online ad campaigns generate offline lifts of at least 30 percent.

## **New Customer Acquisition**

The RevTrax® study additionally showed that paid search is often a very valuable customer acquisition tool, with many clients reporting that 40-50% of customers acquired via paid search via the study were new.

## **What This Means**

There is tremendous opportunity for consumer packaged goods, restaurant and retail marketers to use digital media, especially paid search, to drive consumers into brick & mortar stores. By adopting processes that utilize clean measurement and cross channel attribution, marketers can measure the in-store impact of search by keyword, ad group, creative and other variations to optimize advertising to drive the highest ROI.

As the digital marketing landscape continues to involve, all stakeholders can benefit from understanding these critical metrics to set themselves up for success.



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