

The Virtuous Circle

The Role of Search and Social Media in the Purchase Pathway

February 2011

The chicken or the egg? If everything must have a clearly-defined beginning to reach a natural conclusion, then surely something had to come first. But, as it pertains to these causal elements, it would seem that understanding the sequence of events is still up for debate.

The consumer journey toward purchase has in many ways become like this with more new media drivers, such as Google and Microsoft, and misdirection, via consumer opinions on blogs and Facebook, making the beginning and end of the path, less apparent to advertisers. As a result, brands are unsure which came first and how best to motivate consumers to engage with their brands during and after the purchase path.

In 2009, GroupM Search released the first industry study ever conducted exploring the interplay between search and social media, titled *The Influenced: Social Media, Search, and the Interplay of Consideration and Consumption* (see inset). In this study, GroupM Search sought to understand the relationship consumers were establishing with brands via both search and social media.

While search has become a ubiquitous term, as is well defined by the likes of Google, social media remains a more nebulous phrase. For this research social media is defined as the destinations which create communities or networks for sharing of information in word, image or video. These destinations range from brand-owned social media, such as a brand's blog, to earned social media, such as content about a category created by the community and fostered by the brand, to paid social media, such as sponsored and/or promoted areas of sites, including Facebook, YouTube or Twitter.

The Influenced: The Correlation Between Search and Social Media

In 2009, GroupM Search, together with social media agency M80 and comScore, conducted a research initiative to understand the interplay between search and social media.

At that time, social media was so new that the ability to properly measure its impact had yet to evolve to the levels available today, when the worth of a friend or the value of a retweet are routinely used as barometers of success.

The study, *The Influenced: Social Media, Search, and the Interplay of Consideration and Consumption*, was the first project of its kind to associate the influence social media was having on

search activity. Through this correlation it was learned that brands could start to invest in social media not simply on the perceived merits of the channel alone, but also on the tangible impact social media had on a long-standing, top-performing channel, search.

The study found a strong correlation between search and social media, as well as further evidence that upper funnel engagement drives lower funnel activity. The study also revealed the influence social media has on specific search activity. For all types of keywords the influence was found to be substantial, but lower funnel terms surrounding campaign brands and

brand products saw large increases in search activity when users also engaged in either category-level social media or specific social media owned by the brands themselves.

Search and social media have strong connective tissue between them. Several insights derived from the research remain actionable today and important to the strategy and execution of search and social media programs. As Barbara Basney, director of global advertising for Xerox was quoted in the *Wall Street Journal* following the launch of these findings, "Social media is giving us another way to help influence people's propensity to search."

Methodology

The research was conducted using both behavioral and survey analysis of consumers from comScore's opt-in, passively tracked panel of more than 1 million Internet users in the United States. GroupM Search identified key conversion metrics for the advertisers studied, including purchase, subscriptions, and key asset views. Extensive click stream analysis was conducted of online behaviors three months prior to conversion for consumers who converted with the participating brands. For the survey portion of the research, respondents consisted of consumers who had made a purchase in the studied categories in the three months prior to taking the survey and who had used search and/or social media in the process. The behavioral analysis and survey portions of the research were conducted between April and November, 2010.

The study revealed a significant correlation between engagement with the two channels. Further, it showed that the value of social media can be better measured by way of its influence on paid search performance as opposed to most efforts typically used to quantify the value of a friend or follower for a brand.

As a follow-up to this research, **GroupM Search partnered with leading consumer electronics manufacturer Dell, and other clients of GroupM's media planning and buying agencies, including key brands in the telecommunications and consumer packaged goods (CPG) industries.**

GroupM Search developed and conducted a comprehensive study, together with digital measurement specialist comScore, in order to further understand the causal relationship between search and social media as it pertains to the online purchase pathway up to and through conversion into brand loyalty.

This research also aimed to begin to answer the next important question in chicken philosophy: the motivation for crossing the road? The first study examined the process by which consumers arrived at purchase, using a common illustration familiar to marketers—the purchase funnel. Findings confirmed that when consumers were exposed to both search and social media influenced by a brand that overall search CTR went up by 94%.

In the 18 months since that research was completed little has occurred to diminish the importance of these two channels. In fact, the digital ecosystem is largely evolving around the worlds of Google and Facebook. As such, brand owners are anxious to understand how to leverage each of these channels.

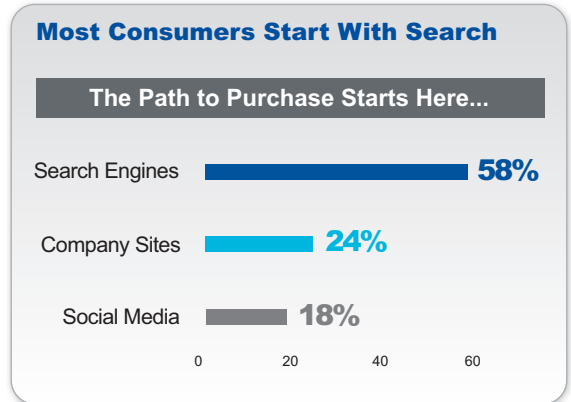
Through the “virtuous circle” of causal interplay it is becoming clear that a brand must have engagement and content strategies that satisfy specific expectations from consumers. Brands are being presented with opportunities to set down digital signposts and assist consumers to an end outcome that pleases everyone. The virtuous circle suggests that the brands that listen and adapt in search and social media can not only capture a disproportionate amount of initial sales but build on their loyalty efforts.

The Path

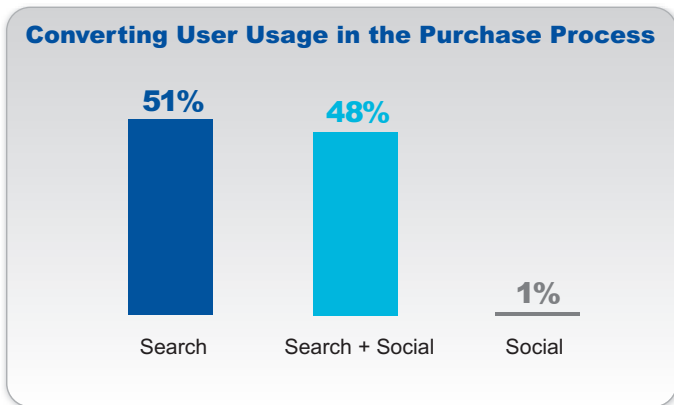
When looking at the role search and social media play in the purchase pathway, the new consumer journey is revealed in the places to which consumers now turn and the signposts they use to navigate the decision-making process.

What is not in doubt in this pathway is a consumer's starting point. **In nearly 60% of all consumer journeys that end in purchase, the starting point is a search.**

The ubiquity of search is also revealed in this study. Survey respondents say the top reasons they use search first are: the quality and scale of information, the fact that they always use it, and because search is easy to use. By contrast, the key motivation for consumers who use social media to conduct preliminary information gathering is the referral authority exercised by respondents' "friends." While a less popular first step than search, social media clearly remains important in the process.



Overall, consumers are equally likely today to use a combination of search and social media in their path to purchase as opposed to just search. Forty-eight percent of those who convert utilize both search and social media versus 51% that use search alone.



This is representative of the growth of social media. It is important to note that while early social media is built on human connections, this research suggests that those connections now directly tie to the financial aspirations of businesses and thus have become more important within the context of supporting customer loyalty. Also of note is that only 1% of consumers who convert will use social media without search to get to the purchase point. This data suggests social media is not yet a stand-alone conduit for the consumer's decision-making process.

More important than starting with search is that most consumers who convert see search as a "pricing" tool throughout the buying cycle. When asked how search and social media are valuable to them during the process, respondents, at a margin of 5 to 1, indicated that search enables them to price compare different models of products. The study further reveals social media is vital in the awareness (especially of new brands and products) and consideration phases, while search enables consumers to conduct product research.

Worth noting is that with only 24% of consumers starting with a brand site, the **76% of consumers who are starting with either search or social media are signifying intent to explore and potentially buy without commitment to a brand at the outset.** This represents a definite opportunity for advertisers to capture that expressed intent by creating engagement in these channels in order to best position themselves for consideration and purchase. A clear validation from the study is that the discovery process consumers go through is lengthy, thanks in part to the multitude of available platforms and the subsequent ability to get more information. In the telecommunications and consumer

electronics categories respectively, the path to purchase was 60 and 57 days, with 11 and 9 steps from start to finish.

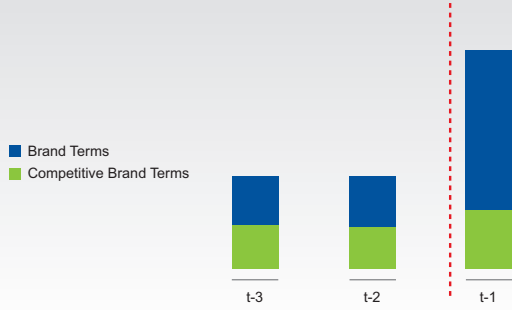
This tells us: (a) the funnel is fragmenting, (b) information discovery choices are multiplying and (c) search and social media are increasing in importance to consumers. In nearly 60% of all electronics purchases, for example, search is included in the process. In telecommunications, just over 50% of purchases includes some form of search engagement. It is interesting to note, that search plays a role at different points in these two examples, from starting point to validation after visiting an advertiser site. In these cases, nearly 25% of all consumers conduct brand product searches after visiting a brand site (either the site of one of the advertisers studied or that of a competitor). This indicates that **while a brand's web site moves the purchase process forward, search engines provide value in improving consumers' opinions about their purchase decisions.**

Search and the Late Kick

The best way to understand the role of search in the purchase process is to understand the reasons consumers value search. Not only do most consumers start with search, but when asked how important it is to turn to search after starting with social media or searching on company websites in their buying process, 86% of respondents cite search as being very important, significantly higher than turning to either social media or company web sites. Forty-five percent of people use search throughout the purchase process, while 26% say they only use it at the beginning of their research and shopping process. The fact this number is higher than those who use search just at the end of their journey (18%) is curious. It suggests that people are using search to establish their consideration set more than search is normally credited with by advertisers. The study also reveals that consumers, at a ratio of 2 to 1, cite quality and depth of information as reasons for using search versus social media. Time may alter these responses, but **as brands think about how and from where to best provide content, search continues to make a compelling case as a valid recipient for initial investment of ad dollars and ongoing optimization efforts.**

Thirty-six percent of all consumers say search helps in the decision making process. An emerging trend is the growth of consumers searching for online deals and sales. Nearly 50% of all people surveyed indicate that they use search for deals and/or sales more often than pricing or store locations. The results are 60% for the consumer electronics category and 50% for the CPG category.

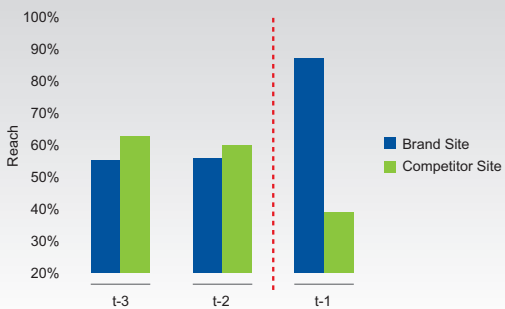
The End Stage Surge in Queries



An interesting finding of the research specific to search comes in what GroupM Search has identified as the “Late Kick.” As mentioned previously, in multiple categories the duration from start to purchase can be up to 60 days. Yet, in all cases we see that **in the last 30 days of that period consumer search behavior intensifies, a timeframe during which brands can derive distinct signals and valuable insights on consumer behavior.**

The first of these signs is the dramatic increase in overall query volume. Similarly, there seems to be a strong shift away from competitor site visits and to an advertiser’s brand site in the last 30 days prior to purchase. Using site-side data analysis, marketers should be able to detect a pattern of interest being formed in their brands, versus competitive sites.

The Correlated Growth in Site Visits

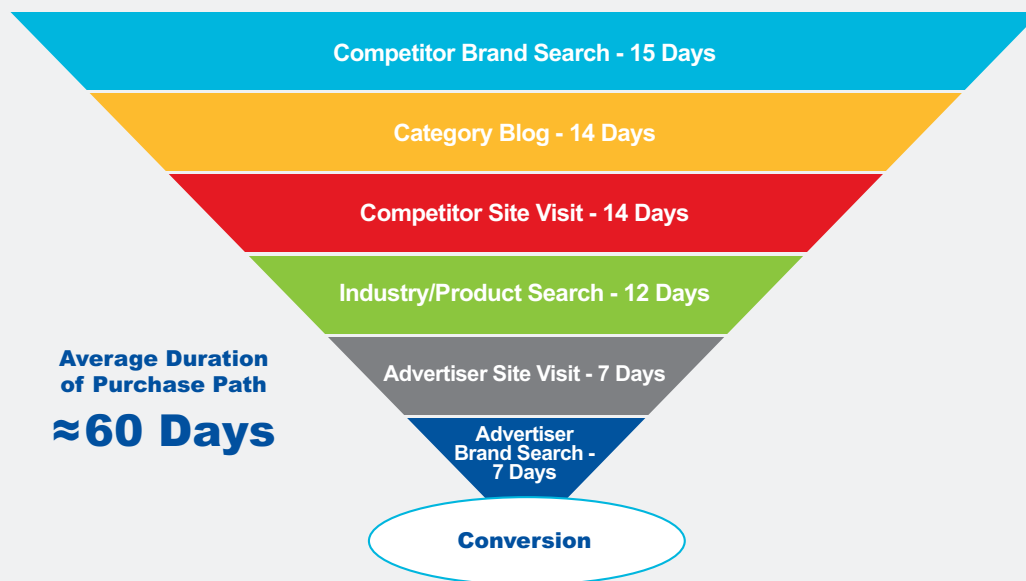


Beyond query trending and site engagement, there is a common pattern of places of engagement that takes place within the final two weeks prior to engagement. **The reappearance of both search and social media highlights the value of each channel in the purchase decision.**

In this and other examples reviewed in this research, within the final two weeks prior to conversion, visits to competitor sites are still taking place. This indicates that a purchase decision has not yet been definitively reached and the fate for a brand remains in

doubt. And as it pertains to the role of search (identified as a starting point for many, but also a vital tool throughout), the final pre-purchase touch point is also search. Regardless of any attribution modeling applied, it is clear that this late-stage **engagement results from previous research and signals the importance of search in the final selection of product and brand.**

Average Conversion Funnel Within 15 Days of Purchase



Social Media and a Desire for Loyalty

If search is essential for the pricing component of a buying decision, then social media is its interlinked companion in the selection process. The industry trend for the past six months has been a growing relationship between a user's social graph (web of social connections) and their ability to reference it for making choices. While this trend is important for advertisers, social media plays an increasingly complex role in the purchase path. When consumers were asked how search and social media are useful to them, respondents say social media helps in two key areas: awareness of new brands and products, and eliminating brands from consideration.

In the CPG category, social media has an even more dramatic role. This is likely tied to less reliance on search around pricing or deals, and the accessibility to rich content in the social space. All of this serves as a reminder that **presence and engagement are a necessary part of the marketing mix and that merely "listening" is simply not a good enough option when so many consumers now see social as part of the decision making process.**

That said, the leading companies of the social ecosystem, Facebook, Twitter and YouTube, appear to have a minimal role in the purchase pathway at present. Less than 1% of all converters engage with either brand-controlled social media from these properties or promoted/sponsored social ads in the 90 days prior to purchase. This is not to suggest that this form of social media does not have its place or potential as either a reach vehicle or engagement driver, but rather to acknowledge that in comparison, 16% of purchasers engage with category blogs. This signifies that earned social media provides a greater impact on the consumer's final purchase decision in today's social landscape. Brands with fan bases that are highly engaged may be better positioned to leverage these channel leading properties, but there is a clear trend developing around explicit versus implicit intent that shows less favor for implicit buying.

Among the more surprising findings of the study are the types of social networks consumers use to find information. Facebook, Twitter and YouTube are synonymous with the definition of social media. However, when it comes to aiding the purchase decision, the top-performing option for consumers is user reviews (30%), while social networking, such as Facebook (17%), video sharing, such as YouTube (14%) and Twitter (9%) all reported to bring less value to consumers.

The research also shows that the greatest motivator for social media engagement is to gather the opinions of others. This is especially true for higher-cost products. But brands should not simply think of social as a passive tool as there are active decision-making processes occurring in the social space. **A consistent finding throughout the study is that consumers are having brand perceptions shaped and altered through social engagement.** Brands fall into and out of favor as a result of the insights consumers are

gaining from social media. In a case where the brand is not a category leader, the effect is more pronounced, and social media's influence plays a more substantive role than search in influencing brand perception.

One thing is true of both search and social media—the channels provide a final vote of confidence to consumers that they are making a sound decision. Nearly 70% of all respondents state that these channels make them feel more confident about their purchase decisions.

Once that decision to purchase is made, consumers have a high desire to stay connected with the brand. Sixty-four percent of consumers say they are likely to follow a brand via social media after purchase and indicate aspirations for connections and content from a brand in the space.



Seventy-four percent of all survey participants state that their desired format for future engagement is via a Facebook brand page. They also prefer to stay engaged with content in the form of videos and Tweets about—and from—a brand. Respondents emphasize that earned social media plays an important role in the effort for brands to foster consumer loyalty.

While those themes are similar across categories, each category bears some degree of variance in the types of social media tools used, and it is clear that the motivation for each category is unique. In the telecommunications sector consumers want to be kept abreast of new products. CPG consumers, instead, prefer information on discounts and deals. Electronics consumers, however, seek a sense of community within the social space. The survey data shows that consumers feel strongly about the connection made through their preferred brand's social media.

Respondents indicate that they:

- a) feel a sense of trust with the company that produces the brands they buy**
- b) feel like an insider with the brand**
- c) feel that the company cares about them beyond a single purchase**

These are lofty challenges for advertisers, but the data suggests that the short to intermediate depth of opportunity through social media is in consumer loyalty.

The Realization of the Virtuous Circle

Our understanding of which came first—the chicken or the egg—is now more clear in the online path to purchase, with another important question answered—why did the chicken cross the road. The chicken, it seems, crossed the road to make a purchase. And while search appears to be the definitive starting point in the consumer decision making process, the **causal circle between search and social presents an important opportunity for brands to capture and drive customers to conversion.**

In the research from 2009, we found that social media users were 1.7 times more likely to use search for consideration. This new research steps beyond understanding that correlation and shows there is an on-going cycle of engagement created within the search and social channels. Forty percent of respondents say search leads to increased usage of social media, while 46% of those surveyed say social media leads them to conduct more searches. And what stimulates the highest likelihood to move from one channel to the other? More than **one quarter of all respondents say the stimulus for alternating channels is the ability to gather additional, salient information.**

A shape appears to be forming in the brand opportunity to connect with consumers. Consumers want accurate, timely information and they will alternate between two channels; one they feel is ubiquitous and a part of their everyday life (search), and one that can not only introduce brand purchase decisions, but alter their intentions and confirm their final purchase decision (social media).

Furthermore, consumers want to study the decisions at hand and spend significant time taking steps necessary to them. But once the purchase is complete, consumers do not consider their journey over. What brands do next will shape the outcome of the virtuous circle. Advertisers have the opportunity to capture engagement and guide consumers closer to their brand and toward conversion by identifying implicit and explicit signals from consumers in their path to purchase. Advertisers should be flexible and intelligent in their efforts to maximize these opportunities.

If brands can engage fluently in the social sphere, and encourage quality content on category blogs and in video and micro-commentaries about their products, then expansion of brand engagement can occur in the social sphere. Search serves as the best expression of explicit intent in advertising, and nearly 50% of consumers used search alone in the decision process. Conversely, less than 1% of all consumers use social media alone. The implicit nature of social media and the targeted advertising attempts within it show that it is more difficult to use the implicit path by itself than the explicit path represented by search.

It is clear, however, that in the past 15 months, the level of engagement from consumers and interplay between these channels have evolved to a point that shows **search and social media are powerful channels individually, but in combination they create a virtuous circle of knowledge and opportunity.**

About GroupM Search

GroupM Search is the search marketing specialist division of GroupM, the media buying and planning arm of WPP responsible for more than 1/3 of the world's media buying. GroupM Search provides industry-leading search marketing strategies, technology development, research, staffing and training to GroupM communications planning agencies, including Maxus, MEC, MediaCom and MindShare, as well as the direct-to-client search marketing agencies Outrider, Catalyst Online and Quisma. More than 700 search marketing strategists comprise GroupM Search's global network spanning 40 countries. In 2008, GroupM Search was named the 2008 Search Marketing Agency of the Year by *OMMA Magazine* and *MediaPost*.

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