

# TRADEMARK BIDDING ON GOOGLE – A TWO MONTH REVIEW

On the 5<sup>th</sup> May 2008, Google introduced a highly controversial policy change removing trademark protection from UK brands. The change meant that anyone could place a paid search advertisement against a registered trademark. Two months later, what has been the impact on brand searches?

Before the switch, Hitwise compared traffic on brand terms between the United States (where there has never been brand protection) and the UK. They found that on average brands in the US received 84.2% of traffic from brand searches, versus 91.8% in the UK. So their hypothesis was that brands in the UK would see traffic volumes drop by a 7.6% as competitive activity on brand searches hit home.

In fact a further study by Hitwise after the trademark changes showed that overall traffic into brand owner's websites from searches on brand terms has only dropped by a fraction - from 91.8% to 91.3%. Over this period, overall traffic from paid search on brand terms has increased - from 9.2% to 11.2%. Robin Goad at Hitwise argues that this shows brands increasing spend on paid search to maintain traffic levels.

We have conducted a study of search results pages from brand searches on 100 major UK brands to give another perspective on what is happening. We looked purely at searches for the key brand term: 'Tesco', 'HSBC', 'easyJet', and examined the following factors:

- Is the brand owner bidding on their own brand term?
- Are competitors in the same sector bidding on the brand?
- Are affiliates and channel partners bidding on the brand?
- What is the total level of brand bidding measured by number of paid ads displayed against a brand search?

The picture that emerged is very different from the kind of free-for-all that was being predicted before the 5th May. In fact the immediate impression is how **little** paid search is now occurring around brand searches:

- Almost half of all brands - including companies like HSBC, Tesco and Marks and Spencer - are not bidding on their own brand terms.
- 14% of our surveyed brands showed no paid search activity.
- Bidding by direct competitors on brand terms is largely restricted to just two sectors: finance and travel.

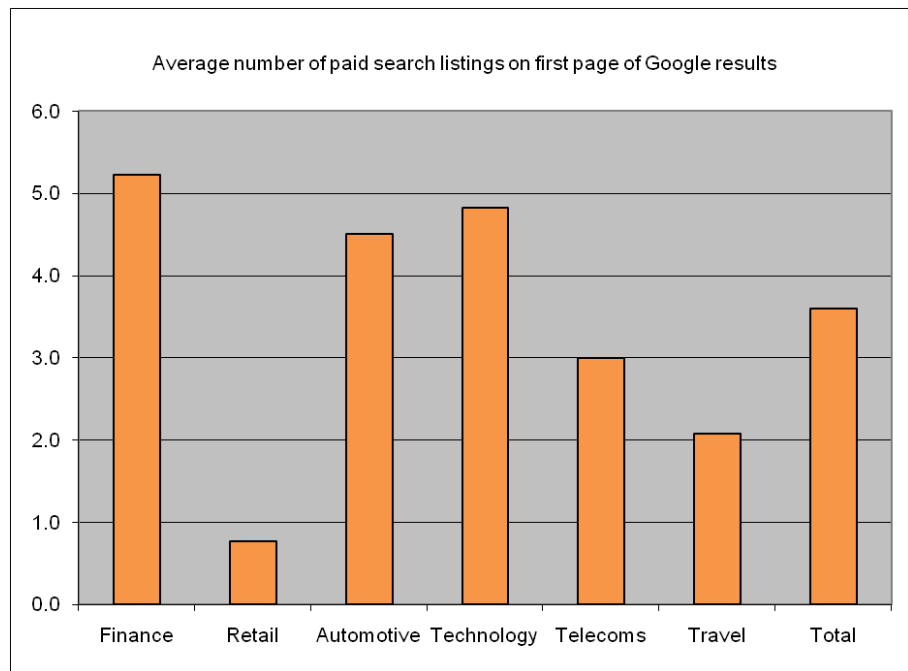
It is worth reminding ourselves that Google has not removed ALL brand protection in paid search. Trademarks still need to be respected in Google Adwords copy - so whilst anyone can bid on a brand term, only the brand owners and partners can use the brand term in copy.

That places competitors at a severe disadvantage because Google's quality score puts a high weighting on click-through rate - and clearly people searching on 'Ford' are much more likely to click through to the search listing from Ford. Consequently, competitors will have to pay considerably more per search than brand owners for traffic.

This also means that brand owners should have little difficulty in maintaining a number one position in paid search - and in fact there were only one or two examples of where the brand owner was not number one for paid and natural search on their key brand term.

Regardless of whether there are 'gentlemen's agreements' operating in certain sectors, this disparity in bid prices would inevitably make it much harder to establish a decent return on investment for competitive brand bidding.

## Overall paid search activity level on brand searches



For each brand search we counted the number of Adwords placements on the first search results page. On a typical Google search results page you would expect to see up to eleven Adwords placements – but even in the highly competitive finance sector we only tracked an average of five placements for brand searches.

Remarkably enough, some of the UK's biggest brands including Tesco, Marks and Spencer, Lloyds TSB and HSBC have **no paid search activity** showing against brand searches.

Some of the brands showing most paid search activity are those using generic terms that have never been given proper trademark protection: companies like Go Compare, Compare the Market and Cheapflights. Competitive brands can legitimately use words like 'compare' in their ad text – which would tend to increase click through rates and hence reduce the cost-per-click.

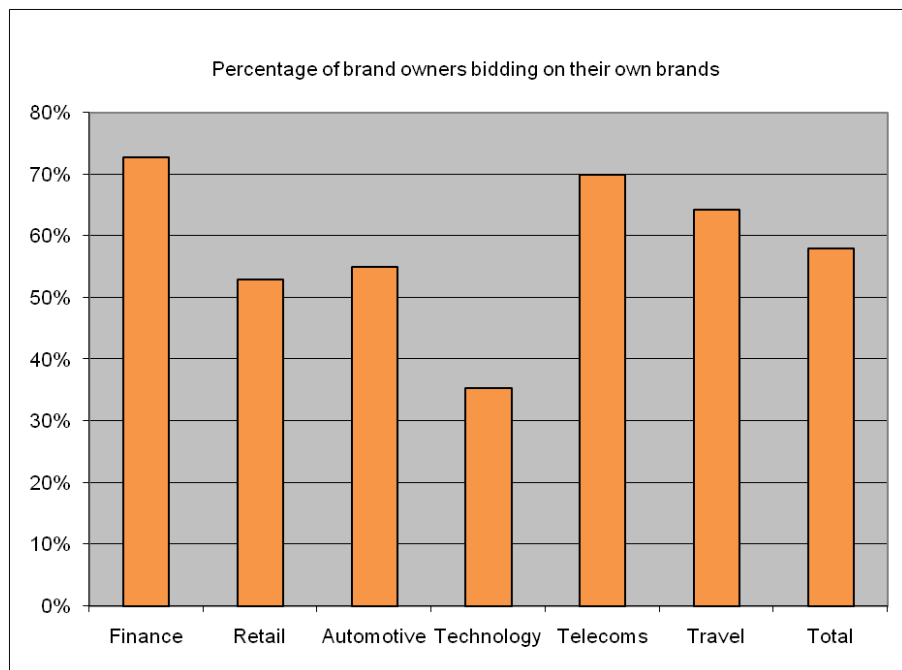
### BRAND OWNERS BIDDING ON THEIR OWN BRANDS

42 out of 100 brand owners are not bidding on Google for their own brand terms. Brands are invariably top of Google for searches on their brand, so they clearly take the view that customers will find them through natural search alone.

This must be disappointing for Google, where the argument has always been that traffic from search is maximized by being top of both paid and natural search.

Companies in the technology sector were least likely to bid on their own brands: but as the next table shows, are most likely to have partner/affiliate bidding on their brand terms. This reflects the way that many technology brands – like Nokia or Sony – sell largely through channel partners.

We wonder whether the de facto search results page for big brands will be a page featuring no adwords advertising whatsoever.



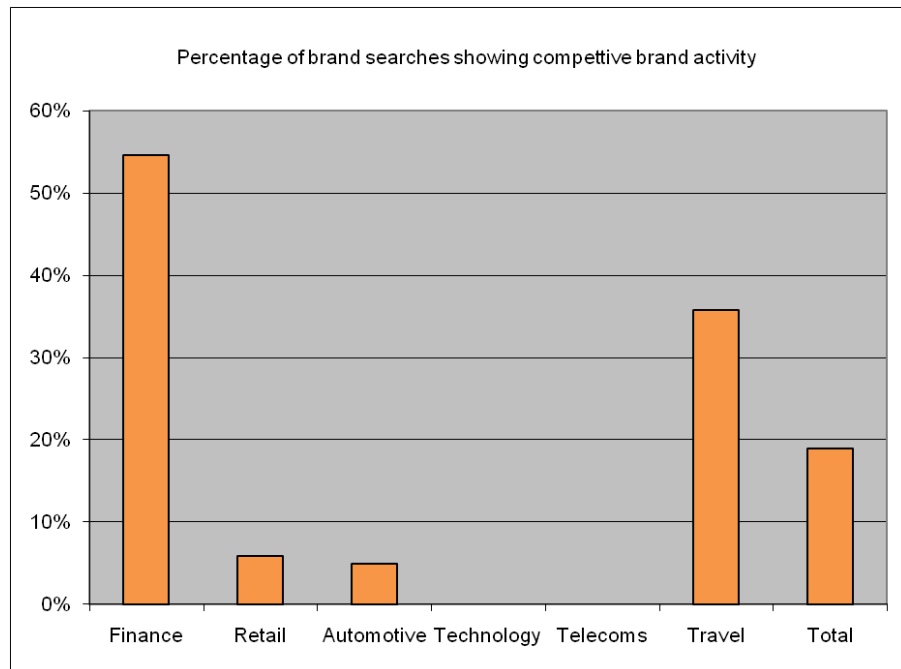
## BIDS BY COMPETITIVE BRANDS

Next we looked for evidence of bids by direct competitors against brand searches.

Before the switch, Hitwise confidently predicted that:

*“...UK Internet users currently searching for 'tesco' on Google will not see paid search entries from Tesco's competitors, but from 5 May this will no longer be the case.”*

Surprisingly enough, even after the 5<sup>th</sup> May this position hasn't changed. In fact a search for Tesco shows no competitive activity – and Tesco is not even bidding on its own brand term.



Competitive activity was very strong in the finance sector, with over half of all brands competing against their rivals for brand searches. Travel also showed some example of competition, but all other sectors we studied – retail, automotive, technology and telecoms – showed little or no competitor activity.

It's an interesting question as to whether this represents a missed opportunity by sectors outside of travel and finance – or whether companies in travel and finance are indulging in tit-for-tat competitive bidding which is ultimately just benefiting Google.

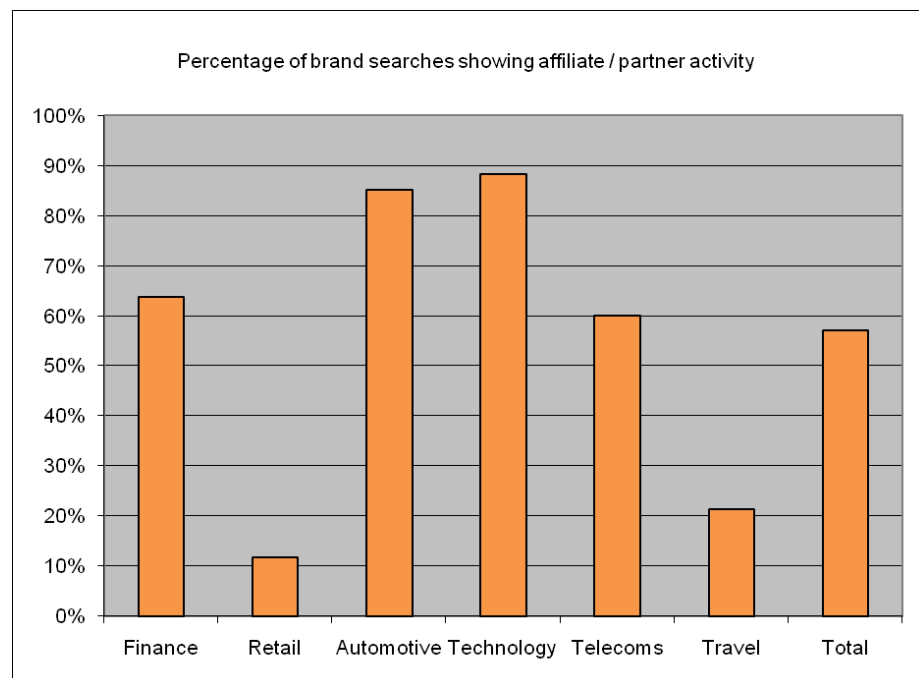
## ACTIVITY BY AFFILIATES AND PARTNERS

Technology and automotive show high levels of partner and affiliate bidding reflecting their sales channels. For instance a search on 'Ford' showed PPC ads from a range of Ford dealerships as well as a link to the official Ford website.

Perhaps surprisingly, retail showed the lowest level of affiliate bidding - surprisingly because retail is such a big area for affiliate marketing. If affiliates are coming away from brand bidding, this is almost certainly

because the cost per sales they are seeing from these bids make it uneconomic.

Some brands are clearly using affiliates to 'fill out' the search page for brand searches and make it difficult for other brands to gain traction. A search on 'Sky' is a good example – the official Sky.com site takes position one, and the next five positions are taken by Sky affiliates. So all roads lead to Rome – or in Sky's case, to Brentford.



## CONCLUSION

The overall picture on brand bidding shows large differences between different sectors, with some showing little or no competitive brand bidding (in fact little PPC activity at all) whereas in others companies are clearly bidding against competitor brand terms.

However, even in finance, some of the largest brands (HSBC, NatWest, LloydsTSB) have essentially opted out of Google Adwords as a traffic driver for their key brand terms.

Far from a free-for-all, the brand-bidding landscape seems to be settling down in many sectors into a tightly controlled environment where brands

seem to be able to dictate which partners bid on their brands and indeed whether or not they need to bid on their own brands at all.

Finance and travel seem to be the exceptions rather than the rule: brand managers in these sectors need to be clear that their bidding on competitive brands is actually paying dividends.

## APPENDIX: LIST OF BRANDS IN OUR SURVEY. ALL SEARCHES CONDUCTED ON 1 JULY 2008 ON GOOGLE.CO.UK.

### FINANCE

BANK OF SCOTLAND	<a href="http://www.bankofscotland.co.uk/">HTTP://WWW.BANKOFSCOTLAND.CO.UK/</a>
BARCLAYS	<a href="http://www.barclays.co.uk/">HTTP://WWW.BARCLAYS.CO.UK/</a>
COMPARE THE MARKET	<a href="http://www.comparethemarket.com/">HTTP://WWW.COMPARETHEMARKET.COM/</a>
CONFUSED	<a href="http://www.confused.com/">HTTP://WWW.CONFUSED.COM/</a>
GO COMPARE	<a href="http://www.gocompare.com/">HTTP://WWW.GOCOMPARE.COM/</a>
HALIFAX	<a href="http://www.halifax.co.uk/">HTTP://WWW.HALIFAX.CO.UK/</a>
HSBC	<a href="http://www.hsbc.co.uk/">HTTP://WWW.HSBC.CO.UK/</a>
LLOYDS TSB	<a href="http://www.lloydstsb.com/">HTTP://WWW.LLOYDSTSB.COM/</a>
MONEY SUPERMARKET	<a href="http://www.moneysupermarket.com/">HTTP://WWW.MONEYSUPERMARKET.COM/</a>
NATWEST	<a href="http://www.natwest.com/">HTTP://WWW.NATWEST.COM/</a>
USWITCH	<a href="http://www.uswitch.com/">HTTP://WWW.USWITCH.COM/</a>
AXA	<a href="http://www.axa.co.uk/">HTTP://WWW.AXA.CO.UK/</a>
NORWICH UNION	<a href="http://www.norwichunion.com/">HTTP://WWW.NORWICHUNION.COM/</a>
LEGAL AND GENERAL	<a href="http://www.legalandgeneral.com/">HTTP://WWW.LEGALANDGENERAL.COM/</a>
ZURICH	<a href="http://www.zurich.com/">HTTP://WWW.ZURICH.COM/</a>
ALLIANZ CORNHILL	<a href="http://www.allianz.co.uk/">HTTP://WWW.ALLIANZ.CO.UK/</a>
STANDARD LIFE	<a href="http://www.standardlife.co.uk/">HTTP://WWW.STANDARDLIFE.CO.UK/</a>
FORTIS	<a href="http://www.fortis.com/">HTTP://WWW.FORTIS.COM/</a>
PRUDENTIAL	<a href="http://www.prudential.co.uk/">HTTP://WWW.PRUDENTIAL.CO.UK/</a>
DIRECT LINE	<a href="http://www.directline.com/">HTTP://WWW.DIRECTLINE.COM/</a>
BUPA	<a href="http://www.bupa.co.uk/">HTTP://WWW.BUPA.CO.UK/</a>
SCOTTISH WIDOWS	<a href="http://www.scottishwidows.co.uk/">HTTP://WWW.SCOTTISHWIDOWS.CO.UK/</a>

### RETAIL

AMAZON	<a href="http://www.amazon.co.uk/">HTTP://WWW.AMAZON.CO.UK/</a>
ASDA	<a href="http://www.asda.co.uk/">HTTP://WWW.ASDA.CO.UK/</a>
BURTONS	<a href="http://www.burton.co.uk/">HTTP://WWW.BURTON.CO.UK/</a>
DOROTHY PERKINS	<a href="http://www.dorothyperkins.com/">HTTP://WWW.DOROTHYPERKINS.COM/</a>
EBAY	<a href="http://www.ebay.co.uk/">HTTP://WWW.EBAY.CO.UK/</a>
ICELAND	<a href="http://www.iceland.co.uk/">HTTP://WWW.ICELAND.CO.UK/</a>
JOHN LEWIS	<a href="http://www.johnlewis.com/">HTTP://WWW.JOHNLEWIS.COM/</a>
KELKOO	<a href="http://www.kelkoo.co.uk/">HTTP://WWW.KELKOO.CO.UK/</a>
MARKS&SPENCER	<a href="http://www.marksandspencer.com/">HTTP://WWW.MARKSANDSPENCER.COM/</a>
NEXT	<a href="http://www.next.co.uk/">HTTP://WWW.NEXT.CO.UK/</a>
PLAY	<a href="http://www.play.com/">HTTP://WWW.PLAY.COM/</a>
SAINSBURYS	<a href="http://www.sainsburys.co.uk/">HTTP://WWW.SAINSBURYS.CO.UK/</a>
SOMERFIELD	<a href="http://www.somerfield.co.uk/">HTTP://WWW.SOMERFIELD.CO.UK/</a>
TESCO	<a href="http://www.tesco.com/">HTTP://WWW.TESCO.COM/</a>
TOP SHOP	<a href="http://www.topshop.com/">HTTP://WWW.TOPSHOP.COM/</a>
HMV	<a href="http://hmv.com/">HTTP://HMV.COM/</a>
WAITROSE	<a href="http://www.waitrose.com/">HTTP://WWW.WAITROSE.COM/</a>

## **AUTOMOTIVE**

ASTON MARTIN	<a href="http://www.astonmartin.com/">HTTP://WWW.ASTONMARTIN.COM/</a>
AUDI	<a href="http://www.audi.co.uk/">HTTP://WWW.AUDI.CO.UK/</a>
BMW	<a href="http://www.bmw.co.uk/">HTTP://WWW.BMW.CO.UK/</a>
CITROEN	<a href="http://www.citroen.co.uk/">HTTP://WWW.CITROEN.CO.UK/</a>
FIAT	<a href="http://www.fiat.co.uk/">HTTP://WWW.FIAT.CO.UK/</a>
FORD	<a href="http://www.ford.co.uk/">HTTP://WWW.FORD.CO.UK/</a>
HONDA	<a href="http://www.honda.co.uk/">HTTP://WWW.HONDA.CO.UK/</a>
LAND ROVER	<a href="http://www.landrover.co.uk/">HTTP://WWW.LANDROVER.CO.UK/</a>
LOTUS	<a href="http://www.group Lotus.com/">HTTP://WWW.GROUPLOTUS.COM/</a>
MAZDA	<a href="http://www.mazda.co.uk/">HTTP://WWW.MAZDA.CO.UK/</a>
MERCEDES	<a href="http://www3.mercedes-benz.com/">HTTP://WWW3.MERCEDES-BENZ.COM/</a>

NISSAN	<a href="http://www.nissan.co.uk/">HTTP://WWW.NISSAN.CO.UK/</a>
OPEL	<a href="http://www.opel.com/f">HTTP://WWW.OPEL.COM/F</a>
PEUGEOT	<a href="http://www.peugeot.co.uk/">HTTP://WWW.PEUGEOT.CO.UK/</a>
RENAULT	<a href="http://www.renault.co.uk/">HTTP://WWW.RENAULT.CO.UK/</a>
SAAB	<a href="http://www.saab.com/">HTTP://WWW.SAAB.COM/</a>
SKODA	<a href="http://www.skoda.co.uk/">HTTP://WWW.SKODA.CO.UK/</a>
TOYOTA	<a href="http://www.toyota.co.uk/">HTTP://WWW.TOYOTA.CO.UK/</a>
VOLKSWAGEN	<a href="http://www.volkswagen.co.uk/">HTTP://WWW.VOLKSWAGEN.CO.UK/</a>
VOLVO	<a href="http://www.volvocars.com/uk/">HTTP://WWW.VOLVOCARS.COM/UK/</a>

## TECHNOLOGY

APPLE	<a href="http://www.apple.com/">HTTP://WWW.APPLE.COM/</a>
ASUS	<a href="http://www.asus.com/">HTTP://WWW.ASUS.COM/</a>
CANON	<a href="http://www.canon.co.uk/">HTTP://WWW.CANON.CO.UK/</a>
DELL	<a href="http://www1.euro.dell.com/">HTTP://WWW1.EURO.DELL.COM/</a>
ELECTROLUX	<a href="http://www.electrolux.co.uk/">HTTP://WWW.ELECTROLUX.CO.UK/</a>
HP	<a href="http://welcome.hp.com/">HTTP://WELCOME.HP.COM/</a>
JVC	<a href="http://www.jvc.co.uk/">HTTP://WWW.JVC.CO.UK/</a>
LG	<a href="http://uk.lge.com/">HTTP://UK.LGE.COM/</a>
MICROSOFT	<a href="http://www.microsoft.com/">HTTP://WWW.MICROSOFT.COM/</a>
MOTOROLA	<a href="http://www.motorola.com/uk/">HTTP://WWW.MOTOROLA.COM/UK/</a>
NOKIA	<a href="http://www.nokia.com/">HTTP://WWW.NOKIA.COM/</a>
PANASONIC	<a href="http://www.panasonic.co.uk/">HTTP://WWW.PANASONIC.CO.UK/</a>
PHILIPS	<a href="http://www.philips.co.uk/">HTTP://WWW.PHILIPS.CO.UK/</a>
SAMSUNG	<a href="http://www.samsung.com/uk/">HTTP://WWW.SAMSUNG.COM/UK/</a>
SONY	<a href="http://www.sony.co.uk/">HTTP://WWW.SONY.CO.UK/</a>
SONY ERICSSON	<a href="http://www.sonyericsson.com/">HTTP://WWW.SONYERICSSON.COM/</a>
WHIRLPOOL	<a href="http://www.whirlpool.co.uk/">HTTP://WWW.WHIRLPOOL.CO.UK/</a>

## TELECOMS

3	<a href="http://www.three.co.uk/">HTTP://WWW.THREE.CO.UK/</a>
BT	<a href="http://www.bt.com/">HTTP://WWW.BT.COM/</a>
O2	<a href="http://www.o2.co.uk/">HTTP://WWW.O2.CO.UK/</a>
ORANGE	<a href="http://www.orange.co.uk/">HTTP://WWW.ORANGE.CO.UK/</a>
TISCALI	<a href="http://www.tiscali.co.uk/">HTTP://WWW.TISCALI.CO.UK/</a>
SKY	<a href="http://packages.sky.com/">HTTP://PACKAGES.SKY.COM/</a>
T-MOBILE	<a href="http://www.t-mobile.co.uk/">HTTP://WWW.T-MOBILE.CO.UK/</a>
VIRGIN	<a href="http://www.virgin.com/">HTTP://WWW.VIRGIN.COM/</a>
VODAFONE	<a href="http://online.vodafone.co.uk/">HTTP://ONLINE.VODAFONE.CO.UK/</a>
TESCO MOBILE	<a href="http://www.tesco.com/mobilenetwork/">HTTP://WWW.TESCO.COM/MOBILENETWORK/</a>

## TRAVEL

BRITISH AIRWAYS	<a href="http://www.britishairways.com/">HTTP://WWW.BRITISHAIRWAYS.COM/</a>
EASYJET	<a href="http://www.easyjet.com/">HTTP://WWW.EASYJET.COM/</a>
EURO STAR	<a href="http://www.eurostar.com/">HTTP://WWW.EUROSTAR.COM/</a>
EXPEDIA	<a href="http://www.expedia.co.uk/">HTTP://WWW.EXPEDIA.CO.UK/</a>
FIRST CHOICE	<a href="http://www.firstchoice.co.uk/">HTTP://WWW.FIRSTCHOICE.CO.UK/</a>
FLYBMI	<a href="http://www.flybmi.com/">HTTP://WWW.FLYBMI.COM/</a>
CHEAP FLIGHTS	<a href="http://www.cheapflights.co.uk/">HTTP://WWW.CHEAPFLIGHTS.CO.UK/</a>
LAST MINUTE	<a href="http://www.lastminute.com/">HTTP://WWW.LASTMINUTE.COM/</a>
OPODO	<a href="http://www.opodo.co.uk/">HTTP://WWW.OPODO.CO.UK/</a>
RYAN AIR	<a href="http://www.ryanair.com/">HTTP://WWW.RYANAIR.COM/</a>
SUNSAVE	<a href="http://www.sunsave.com/">HTTP://WWW.SUNSAVE.COM/</a>
TRAVELBAG	<a href="http://www.travelbag.co.uk/">HTTP://WWW.TRAVELBAG.CO.UK/</a>
THOMAS COOK	<a href="http://www.thomascook.com/">HTTP://WWW.THOMASCOOK.COM/</a>
THOMSON	<a href="http://www.thomson.co.uk/">HTTP://WWW.THOMSON.CO.UK/</a>