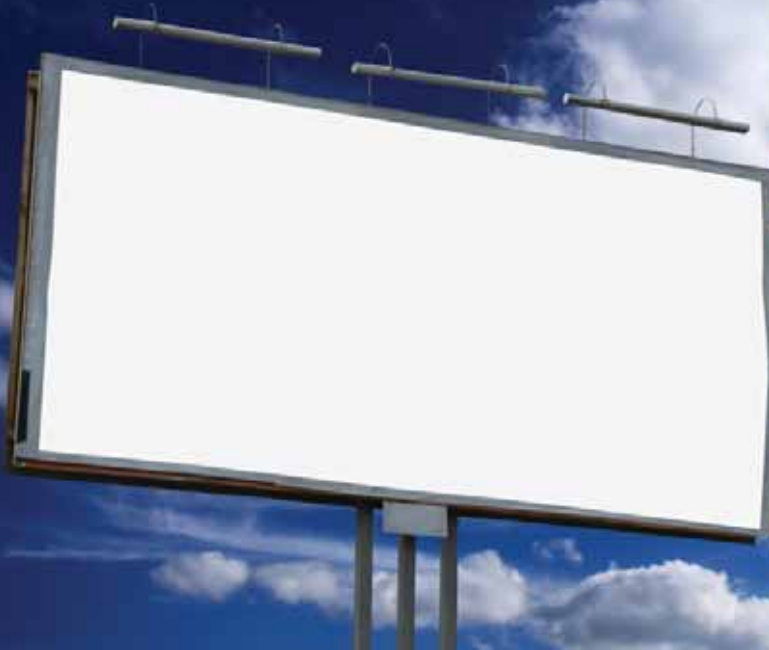


Online Search Advertising

Ben Rogers

*Driver, CU Tomorrow
Filene Research Institute*



About Us

Deeply embedded in the credit union tradition is an ongoing search for better ways to understand and serve credit union members. Open inquiry, the free flow of ideas, and debate are essential parts of the true democratic process.

The Filene Research Institute is a 501(c)(3) not-for-profit research organization dedicated to scientific and thoughtful analysis about issues affecting the future of consumer finance. Through independent research and innovation programs, the Institute examines issues vital to the future of credit unions.

Ideas grow through thoughtful and scientific analysis of top-priority consumer, public policy, and credit union competitive issues. Researchers are given considerable latitude in their exploration and studies of these high-priority issues.

CU Tomorrow is a Filene Research Institute clearinghouse for credit union young adult strategies. The project publishes research and open-source business plans to help credit unions attract younger members, promising young professionals, and younger volunteers. Initiatives include:

- **Business briefs**—open-source, young adult business plans for credit unions.
- **30 Under 30**—entrepreneurial SWAT team of young credit union professionals.
- **Community**—CU Tomorrow and Filene Web sites for publication and idea sharing.
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The author, Ben Rogers, is driver of the Filene Research Institute's new CU Tomorrow project and director of the Institute's 30 Under 30 group. Ben is a former editor of *The CEO Report* and chairman of the National Directors' Convention. Ben holds a master's degree in journalism from Northwestern University and graduated cum laude from Brigham Young University with degrees in English and philosophy.

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Introduction

It's 10 p.m. on a Tuesday. Jane Smith, 22, has been packing all day. On Thursday, she and her best friend are moving to Charlotte, North Carolina, and the sixth item on her to-do list reads, "Find a checking account." She grabs her laptop, types "Charlotte checking account" into her browser's search bar, and she's off, enticed by the Google search results: Bank of America's free checking; a 3.75% savings APY from Capital One; and a Washington Mutual link that promises quick enrollment, 100% online.

Welcome to the world of financial online search advertising, the most competitive and expensive segment of the search market, with general search terms in the credit, mortgage, and auto finance sectors selling for as much as five times more than terms in the travel, retail, or dating industries.¹ Financial services advertising represents nearly a quarter of online ad impressions.² If you're not reaching potential members in their day-to-day browsing, somebody else is.

Still, credit unions with a local focus can harness the power of search advertising to show targeted products and compelling services to new and experienced Internet users in their markets.

The Basics

Online search advertising allows you to buy advertising space next to search results on popular sites like Google, Yahoo, and MSN. The greater the competition for the term you want, the higher you have to bid to get your ad in an attractive location on the results page. None of the most popular search engines charges for your ad to be displayed; they only charge you if somebody clicks on the ad. Sponsored ads are ranked by the highest bid, even though no money changes hands until someone clicks on a link.

Particularly relevant for credit unions is that search engines allow you to specify a geographic area for your search terms. You can also advertise on searches from IP addresses³ in your area. For example, a Google search for "Pittsburgh checking account" from a suburb within 20 miles of the city shows local organic results⁴ in the main box and sponsored results along the right side. The top three sponsored search results are all for regional banks: National City (\$81 billion [B]) advertises an everyday points account; PNC (\$61B) touts a Toyota Prius giveaway; and Citizens (\$6B) offers free checking and online bill-pay.

1 Online Banking Report, "Searching for Customers 3.0," March 2008 (www.onlinebankingreport.com/subscriptions/issue.html?iid=170).

2 Nielsen Netratings, April 2008 (www.nielsen-netratings.com/resources.jsp?section=pr_netv&nav=1).

3 An Internet protocol address is a unique identifier that can be used to determine the geographic location of Internet users.

4 An organic search is a process by which Web users find Web sites that have unpaid search engine listings, as opposed to using the pay-per-click advertisement listings displayed among the search results.

Internet search companies strive to make ad campaigns as easy to launch as possible. Plain-English tutorials for the three most popular services are found at these Web sites:

- **Google (adwords.google.com):** With 69% of the search market, Google is the 800-pound gorilla of online search. AdWords allows small and large marketers alike to see the same information about how much it costs to advertise next to key search phrases. Accounts are easy and free to set up, and Google provides powerful tracking tools that allow you to quantify the traffic your ads attract.
- **Yahoo (searchmarketing.yahoo.com):** Yahoo's search engine is used less than Google's, so search advertising with Yahoo is more affordable. Yahoo does, however, claim the top spot as the world's most popular Web portal. As with Google, new advertisers target searchers by geographic location, choose keywords related to their product or business, decide how much they want to spend per click and in total each month, and then create an ad to display next to the targeted searches.
- **MSN (advertising.microsoft.com/search-advertising):** The third-place search engine still captures millions of searches each month, many from the broad family of Microsoft sites. Microsoft's adCenter takes about 15 minutes to set up and allows you to select up to 100 keywords. You can also import entire ad campaigns from Yahoo and Google, complete with keywords and existing ads.



Tip: Most search advertisers consider competitors' marketing campaigns when crafting their own ads. By using a competitor's keywords and language in your search bids, you can get the attention of potential members who otherwise might not have known you were there.

Google is by far the most popular search engine, with 69% of all search traffic at the end of January 2008.⁵ Yahoo was second with 17%, and Microsoft sites pulled in 9%. Google is often the first choice for search advertisers because of its market penetration and its suite of free tracking tools.

Search engine marketing, especially for those with a small marketing budget, is best when paired with a specific and compelling product, like a high-yield checking account, an auto loan promotion, or a rewards credit card. Credit union practitioners often run several campaigns, shunting inbound clickers to product-specific sites on their Web page.

Testing Is Critical

The online search marketplace is like a giant bazaar where the other vendors and their wares are invisible until you search for them. That makes it essential to constantly compare your search campaigns to those of your competitors, says Christopher Morris, Web manager for CUNA Councils in Madison, Wisconsin and a member of Filene's 30

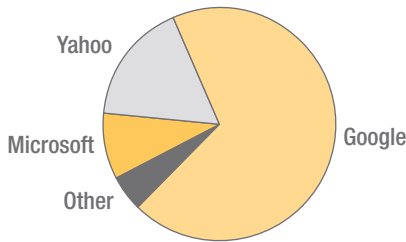
5 www.compete.com, January 2008, <http://blog.compete.com/2008/02/08/search-market-share-january-yahoo-microsoft-google-ask-aol-msn-live/>

Under 30 group. Morris runs half a dozen Google AdWords campaigns for CUNA Councils each month, and he spends between 10 and 20 hours and only \$50 per month revamping the campaigns by mulling over, then testing, new word combinations. Morris attributes the low cost to low competition for CUNA Councils' specialty keywords like "credit union conference" and "credit union CFO."

Capture Inbound Traffic

Savvy search word advertisers find ways to turn browsers into members. Even if you don't have an online system that allows Internet users to join the credit union remotely, you should direct them to a simple landing page that allows them to complete part of the process.

Figure 1: Online Search Market Share



Columbia Community Credit Union (\$779 million [M]) in Vancouver, Washington uses two different tactics in its campaigns. In its mortgage campaign, potential borrowers on the credit union's landing page fill out a reservation form to meet with a mortgage specialist, turning passive searchers into hot leads. Potential members sometimes find the credit union through its general awareness campaign, which uses terms like "credit union" and "credit union rates."

Non-members who land on Columbia's site by way of these terms are asked to start the application process by filling in their name and general contact information. The credit union seals the relationship by asking them to sign the application at a local branch.

Tip: Support your offline campaigns by bidding on specific terms that match your outdoor advertising or language in your direct mail pieces. Search terms that use your specific language should be cheaper to bid on, and this is one more way for potential members to find your products.⁶



Cold Hard Facts

- Eighty-one percent of Internet users have researched a product online. Seventy-one percent have used search engines such as Google to find product information.⁷
- Online advertising spending increased by more than 30% per year between 2004 and 2007. It slowed to 18% in 2007.⁸
- Spending on search marketing is expected to more than double to \$19B by 2010.⁹

6 Online Banking Report, "Searching for Customers 3.0," March 2008 (www.onlinebankingreport.com/subscriptions/issue.html?iid=170).

7 MarketingSherpa and Guidster, January 2007 (www.sherpastore.com/e-commerce-benchmark.html?8966).

8 Internet Advertising Bureau, November 2007 (www.iab.net/about_the_iab/recent_press_releases/press_release_archive/press_release/64544).

9 Online Banking Report, "Searching for Customers 3.0," March 2008 (www.onlinebankingreport.com/subscriptions/issue.html?iid=170).

Figure 2: How Frequently Do You Research Products and Services Online Before Making a Purchase Decision?

Frequency of online search	Percent	Cumulative
Always	25%	25%
Often	38%	63%
Sometimes	27%	90%
Rarely	9%	99%
Never	1%	100%

Source: iCrossing, "How America Searches: Online Retail," September 2007.

CASE STUDIES

Columbia Community Credit Union
\$779M
Vancouver, Washington

With a huge retail market like Portland, Oregon in its backyard, Columbia Community Credit Union uses Google AdWords as a cost-effective way to put itself in front of potential members.

Columbia currently runs six separate AdWords campaigns and keeps four in reserve, ready to launch if market conditions or credit union priorities change. The active campaigns are for:

- General awareness—Advertises on local searches for phrases such as "credit union" and "Portland bank." At about 60 cents per click, this is the cheapest campaign, and it also gets the most traffic.
- Business deposit—A more expensive campaign. Columbia wants to build awareness that banks aren't the only ones with business services.
- Auto loans—A competitive keyword market, but it's important to advertise the credit union's products, because loans are profit centers.

- Home loans—Less than 1% of local searches for mortgage-related terms click through on Columbia's ad, but 21% of those follow through to set up an appointment with a home loan specialist.
- IRAs—A good category for high-value members.
- Credit union rates—As with the general awareness campaign, this is cheap because Columbia doesn't have much local competition for keywords.

Columbia has used campaigns for checking, green auto loans, and online services, but it limits its active campaigns to around six to optimize its budget. Google allows advertisers to set a monthly budget; once it has been spent, the advertiser's links disappear.

In 2007 Columbia spent about \$20,000, 1.2% of its overall marketing budget, on search engine marketing. It plans to raise that to \$30,000, or 2%, in 2008 and continue to raise the percentage in the future, says Nancy Olmsted, vice president of marketing.

Olmsted recommends starting an AdWords campaign around a noteworthy product because the corresponding keywords will be more targeted and, hopefully, less expensive.

"What you don't want to do is put together three or four campaigns and then be static," says Jennifer Shefner, Columbia's electronic communications specialist.

"Think about what's happening in your market. What are the buzzwords out there? The ads do much better if the keywords match the content. That improves your click-through rates."

Shefner and Olmsted monitor click-through rates monthly and decide which campaigns, if any, to change. For monitoring and accounting purposes, they bundle campaign costs by product. For example, the auto loan AdWords campaign gets wrapped in with auto loan direct mail and TV advertising.

PITFALLS

- One of Columbia's first campaigns was focused around online calculators. It drew a lot of clicks but little measurable product growth.
- Because credit unions offer share certificates instead of certificates of deposit, keyword marketing can be tricky. Columbia often displays the word "certificates" in its ads and on its Web pages, but it uses "CD" as a search keyword and as a meta-tag in its Web pages. A meta-tag is a keyword embedded in a Web page, often not visible to users; search engines use these tags to help organize search results

Heartland Credit Union

\$170M

Madison, Wisconsin

Heartland Credit Union runs two separate AdWords campaigns. One covers the zip codes in Madison. Another covers the rural areas in the credit union's field of membership. In contrast to Columbia, Heartland

focuses online advertising efforts on just one noteworthy product: Rewards Checking. The credit union bids on phrases like:

- "Bank"
- "Checking"
- "Credit union"
- "Checking account"
- "Dividend earning"
- "Interest checking"
- "Checking with interest"

Robin Marohn, vice president of marketing and business development, says he spends about \$400 per month in Madison and \$300 per month in the surrounding areas for click-throughs on those terms.

When Internet users land at www.heartlandcu.org/rewards, they are greeted with a compact marketing message that highlights the account's dividend rate, free ATM access, and lack of fees. Heartland includes a "Tell a friend" link and another that reads, "Not a member? Switch today!" Those who are interested can start the application process online and finish at a Heartland branch.

Marohn changes the display ads weekly. So far he has avoided running campaigns around terms like "mortgage" or "auto loan" because the competition is too fierce. Search advertising in general is a good medium for Heartland to promote its e-services, a key part of the credit union's strategy. And, while Marohn says Heartland spends a lot more money on direct mail, broadcast, and print advertising, he says, "This is moving up quick."

Figure 3: Search Results in Madison, WI Using Keywords for “Heartland Credit Union”

Google Search [Advanced Search](#) [Preferences](#)

Web Results 1 - 10 of about 152,000,000 for **checking** [definition]. (0.17 seconds)

Checking Account choices. Select from the **checking accounts** at ...
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