



Search for the Perfect Search Strategy With Autobytel's Resident Search Guru Zane Rathwick

Architect of Autobytel's "Local Dealer Search With National Reach" Model Weighs in on Effective Keyword Strategies, Knowing Your Search Marketing Limitations, and the Only Metric that Really Matters: Profit-per-Click

This past year a new marketing buzzword hit dealer publications – “SEM” (or Search Engine Marketing– and suddenly dealers were scrambling to snap up paid listings, lured by the promise of easy, cheap site traffic

Well, the dust has settled a bit, and many dealers are beginning to realize that search marketing – like any marketing worth doing – requires significant expertise and investment. With a new year upon us, now's a perfect time to move beyond the search marketing hype, and begin to think about formulating a realistic, moneymaking, comprehensive search strategy.

To help you achieve “search enlightenment,” we recently sat down with Zane Rathwick, the architect of Autobytel's industry-leading search marketing program, to glean some insight about what it takes to succeed in the search marketplace.

Q: Okay, let's start with the big question: Are there key words that correlate with higher close ratios?

Rathwick: We believe that customers who come in through search terms like “price,” “quote,” and “dealer” are generally closer to buying than, say, someone who enters “photos” or a make or model name. Of course, people who begin the process by looking at photos end up submitting Purchase Requests as well, but, generally speaking, they aren't as determined as shoppers who come in through an obvious buying term like “buy a car.” Most buying keywords in search are associated with a high closing ratio, which is why Autobytel is growing this search volume so aggressively.

Q: What can dealers do to improve click-throughs and ROI with paid search results? How about natural search?

Rathwick: On the paid front, a compelling, effective message is key. With natural search, the process is more complex because you need to understand how search engines read and interpret your site, which isn't always easy. In a lot of cases, conversion is just too low given the associated time and costs, which are exacerbated by the fact that the search environment is constantly changing over time. Several months ago, for example, “hybrid” generated a lot of search activity, but it didn't convert. Now it's more of a “buying” word. Another example of a challenging term for a dealer is “Honda Accord,” which generates a very good closing ratio for dealers through Autobytel because we can channel a consumer to a local dealer regardless of where they live. But for an individual dealer, often the consumer who punches in “Honda Accord” is more than 100 miles away. And of course, if someone on the other side of the country clicks through to the dealer site, the dealer is still paying for that traffic, even though they can't possibly monetize it.

Q: What's the best way to determine the proper marketing mix of search vs. other forms of Internet marketing?

Rathwick: You have to take into account your whole marketing strategy, including branding and awareness, which search doesn't address. But if you're strictly talking about search, the bottom line is ROI. In other words, keep on spending till you hit your ROI ceiling. Determining that ceiling is the trick. Autobytel has developed software that measures not only how much traffic, but how much revenue each individual term generates. Of course, that's not as easily done if you're a dealer and the only reporting you're getting on your keyword purchases is a blanket measurement of the 80-100 words you bought. And of course, that only measures click-through rates. The key, again, is to factor in the conversion rates on each of those click-throughs. If and when dealers are able to more accurately monitor their search ROI, they'll see that third-party leads, like those provided by Autobytel (which generates a median cost per sale per vehicle of about \$165), are still the most efficient. For example, let's take the cost for the term for “new car” at \$1.82 per click. If your website converts these customers to a lead at 5% – a pretty generous figure – the lead costs more than \$36, which is significantly higher than what third party sites charge. Even if you assume a 50-100% higher closing ratio for leads generated in house, the cost per car sold isn't any better than that provided by the third-parties, and the volume is probably much lower.

Q: Does search provide a method of getting consumers to product sites early on in their shopping process?

Rathwick: Sites with a lot of product-related content tend to rise to the top in early-phase of searches because early on in the purchase cycle consumers use product terms like “reviews” and “photos” as opposed to buying terms like “new car prices” or “used car listings.” In Paid Search, you can buy product-related terms and bid appropriately. Those terms, however, may not convert for a dealer when you consider that they’re paying for a national audience but are only able to serve local customers. Keep in mind that it’s very expensive to bid on very general terms; i.e. the top position for “new car” on Yahoo! currently costs \$1.82 per click, and “car loan” is \$4.01 per click.

Q: What can dealers do to improve the relevance of the landing pages within the search results page?

Rathwick: The first step is to research and understand your search traffic patterns, then make options available based on these trends. For example, we’ve learned that, on our sites, about 80% of those searching for a Honda Accord should be directed to the used Accord page. Good technology is also key – i.e., the ability to develop tools that usher consumers to more specific pages. Autobytel, for example, has developed a tool that automatically prompts searchers in cases where the term is ambiguous – e.g. “Porsche 911” – asking the user if they want pictures, videos, price quotes, reviews etc. This has dramatically reduced abandonment rate.

Q: Where are the economics of keyword pricing and pay/click headed? Will the cost increase, decrease, remain relatively unchanged? Why?

Rathwick: Our data doesn’t show any obvious up or down movement over the last year or so, but generally speaking there may be downward pricing pressure as MSN enters the market and as search marketers become more sophisticated about measuring ROI (and, in turn, not overspending so much). Right now there’s a bit of a search market bubble. When the market becomes more mature, transparent and efficient, artificially high prices may come down.

Q: Which metrics can and should dealerships be using to monitor the effectiveness of their search marketing efforts?

Rathwick: Click-through rates, cost per click and, most importantly, profit per click. If you’re not measuring the revenue and profits generated by traffic, you’re really missing the point – especially given the high incidence of people clicking through to dealership sites that are well out of their markets.

Q: How can dealerships understand and keep up with the nuances of each search marketing program available currently?

Rathwick: It’s not as easy as a lot of dealers have been led to believe. You need an expert staff, good contacts with the search engines, you need to attend conferences, read, and consult with outside firms. It can definitely be done – and it can definitely be worth doing, especially as a complement to third-party sites that do a lot of the search heavy lifting for you (i.e., channeling in-market shoppers from search engines into the dealership) – but it takes a significant investment in time and resources. The key is to move beyond the hype, and make decisions and investments based on a realistic understanding of what search can accomplish, and what it takes to get it done.