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A Dearth of Search among Big-Box Retailers
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If you're a small- to mid-sized e-commerce site trying to compete with large multi-channel multi-brand retailers, take heart: As long as you manage an active search marketing campaign that takes in both pay-per-click ads and organic optimization, you're probably doing better than they are at getting found online.

That's the big takeaway from a holiday-season field study done by Libertyville IL-based search marketing firm Internet-Engine. Company CEO Thom Disch took a notion to take a look at who is showing up in paid or organic search for some of the major product categories.

Internet-Engine structured the survey to perform searches on the three major engines, Google, Yahoo! and MSN, looking for ten popular consumer products in ten categories. The searches were conducted at the same time and using the same keywords, starting with a high-level category search (e.g., snow blowers) and funneling down through product attributes (two-stage snow blower) to specific brands and model names (Toro 38630).

For each search result—some 2,000 in all-- Internet-Engine noted what types of merchants popped up on the first page either in organic results or sponsored links, including results below the fold. "Studies show that about 82% of search users never look beyond the first results page,' Disch says.

The study was conducted over almost four weeks between Thanksgiving and Christmas last year. "We thought that timing was important, because if someone's going to get involved in search marketing on the PPC side, it will be to capture those holiday sales," Disch adds.

Internet-Engine's overall finding was that among all the search results, only 5.3% of the links pointed to the Web

sites of big-box retailers—a category that takes in the national chains in consumer goods, electronics and home improvement. A full 32.3% of results led searchers to independent e-commerce merchants in the product categories. And slightly more than 20% of the results uncovered pointed to manufacturer Web sites or shopping comparison/ referral sites. Media sites accounted for almost 8% of results.

“The conclusion seems to be that big brick-and-mortar retailers still don’t get search marketing,” Disch says. “I was very surprised to find that their share of the search results on these categories was barely more than 5%.”

Big-store performance varied slightly from product category to category. The study found that they were most visible in searches on plasma TVs (8.9% of results), digital cameras (8.7%) and the aforementioned snow blowers (8%). But strong search showings in those products didn’t win them first place for visibility. E-commerce sites out-marketed them in all three categories, with 28.5% of the plasma TV results, 12.7% of the digital camera links, and 27.1% on snow blowers.

In fact the only product for which store mega-retailers and online merchants had an equal share of the search visibility was for the iPod MP3 player. In that instance, both were overshadowed by the search presence of manufacturer Apple, which commanded 33.8% of the results page links, both paid and organic.

Results also did not change much for the product categories that were among last season’s most popular gifts. If large national retail chains accounted for 8% of the search results for “snow blower”, they only made up 6.9% of the results on the keyword “GPS systems”, a strong seller during the holiday. In this category too, e-commerce sites came in first (33.3% of results), followed by manufacturer sites (26%).

Those manufacturers were surprisingly strong in a number of categories other than the Apple iPod. They also accounted for 41.1% of the paid and organic search mentions in plasma TVs, 35.7% in snow blowers, and 24.4% in treadmills.

“I was very amazed with those results, and I think that’s starting to put some threat into the marketing channel,” Disch says. “Some of those manufacturers may be thinking, ‘I’m giving up 30%, 40% or 50% of my margin to the retailer, who may just be stocking shelves and driving traffic. Well, I can get traffic too.’” Manufacturers who can sell directly online without underpricing their retail middlemen may find

that model increasingly attractive.

Disch says excessive reliance on their own brand strength may be a primary cause for the mega-stores' low profile in product search results. "Big retailers may be relying heavily on customers searching for their own brand names. They certainly don't seem to be very active about driving customers to their sites by way of the products they're searching for."

Another reason might be the inherent complexity of optimizing a Web site with thousands of SKUs. "When you've got hundreds of thousands of products, how do you create a landing page for a specific GPS system?" Disch asks. "That's when people are ready to buy— not when they're doing research on a category, but when they're typing in 'Garmin Nuvi 660' and looking for the best price."

Finally, large retailers may be reluctant to take some of the steps that can lead to better natural search ranking in their categories, such as making sure their pages get indexed and soliciting incoming links from other sites.


"There are three components to successfully optimizing a retail site for search," Disch says. "You need to have a well-designed page that has good content, with the right metatags and all that. But you also need to have a good site navigation system, so that when search bots come to your site they can find all the pages and index them properly. And third, who's linking to you? What are other people saying about your site so that you become prominent in the Web community?"

That last is one area where big-box retailers are squandering optimization opportunity by not setting up communication tools such as forums and blogs, according to Disch.

"It's a big risk, because unless you're going to filter content heavily you have to make sure to deliver good results for customers," he says. "It's a great way to develop inbound links to their sites, but I don't know if they're willing to take that gamble."

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