



THE

Compounding Value

OF ORGANIC SEARCH

How brands are missing out on 12.2x ROI by
underestimating the impact of organic search

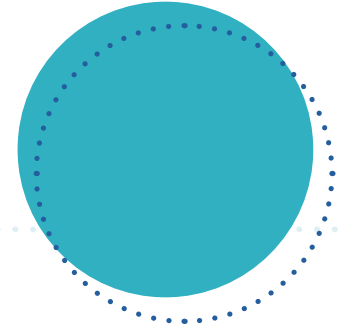
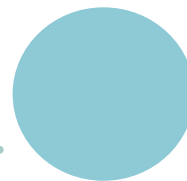
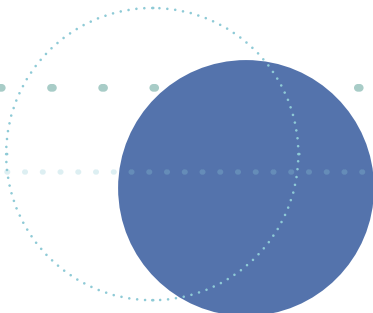
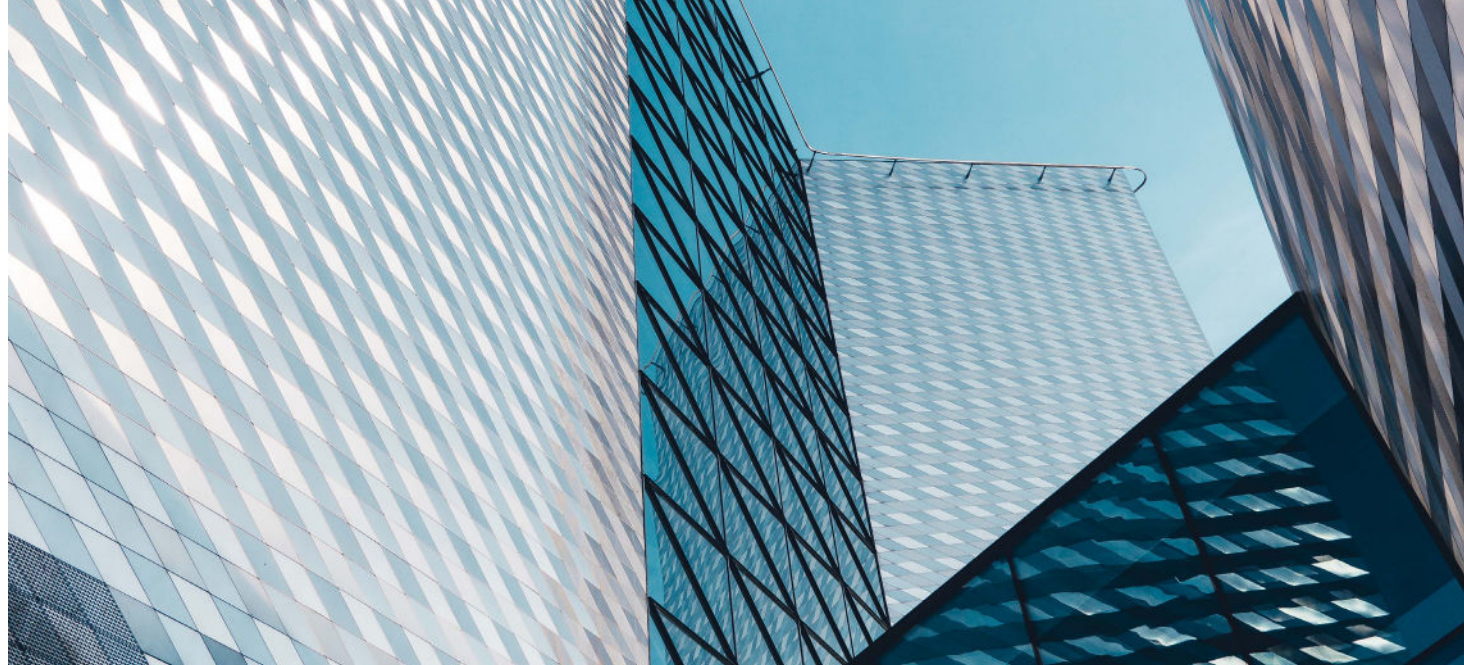


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Executive Summary

87% lower customer acquisition cost

Properly allocating your marketing budget can be the difference between strong profitability and being in the red. What if your brand is calculating the value of your marketing channels incorrectly? What if you are spending too much on customer acquisition? What if you are missing out on revenue due to outdated thinking and flawed assumptions?

What would additional market share be worth to your brand?

The Value of Organic Search vs. Paid Search

Whether your brand is a B2B, B2C, or eCommerce business, organic search delivers business at a lower customer acquisition cost (CAC) than paid search — **87% lower cost, per our research**. According to Google, organic search also offers double the ROI that paid search does.

Terakeet has seen as high as **12.2X ROI** for our organic search customers.

Limitations of Paid Media

Many companies allocate an exponentially larger percentage of their marketing budget to paid media over organic search. However, many brands are largely unaware of the waste inherently included in paid media. For example, paid media can result in fraudulent or accidental clicks, market obfuscation, and lack of long-term value.

In comparison, organic search has no click costs or wasted ad spend. Your organic search marketing budget captures real clicks because it connects with consumers more effectively and guides them through their buying journey. An investment in organic search also accrues value over time, leading to larger returns.

The Real Source of Website Traffic

Consider the scale of organic traffic.

Organic search results are highly trusted, and thus attract the majority of clicks. Consider that Google's organic search results generate nearly **20X more clicks** than the paid ads on desktop and 10X more on mobile.



Many brands are making mistakes when calculating and ranking channel value.

Strategic Customer Insight

The value disparity is even greater when comparing organic search to other channels.

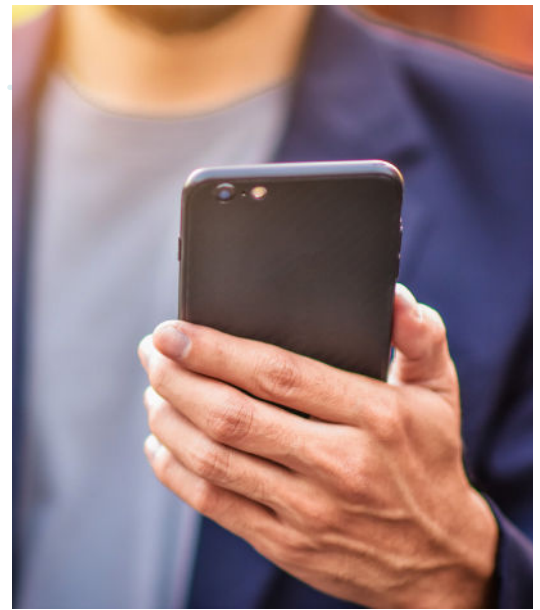
The organic search channel provides strategic insight into changing market and consumer behavior. Understanding these trends allows brands to build lasting relationships with customers, improve lead generation, and increase customer lifetime value. The channel also offers more honest feedback than focus groups or surveys because customers are simply doing what they want without feeling pressured to answer a certain way.

Accurate Conversion Tracking

The conversion tracking available to the organic search channel is unique as well, and more accurate and specific than any other channel. Understanding the real-time impact and value of different campaigns supports more effective and intentional marketing strategies.

Brands are Misallocating Their Budgets

Then why is it that the majority of U.S. businesses do not prioritize organic search as a marketing channel? In fact, only 10.5% of marketing budgets are allocated to organic search.



The difference could mean billions of dollars in wasted spend and lost revenue.

This presents a major opportunity for brands looking to grow their business by lowering the cost of acquiring new customers. And, with marketing budgets at a recent **all-time low**, it's critical that every dollar is spent wisely to maximize return.

Uncover the True Value of Organic Search

In this white paper, Terakeet analyzed our customer data to explore the value of organic search compared to paid search and other marketing channels. We found that many brands are making mistakes when calculating and ranking channel value, costing their businesses customers, revenue, and market share.



SEARCH MARKETING

Organic vs. Paid

Which do you think delivers more value for your brand: **organic search** or paid search in Google?

A typical brand spends exponentially more on paid search (often **tens of millions more annually**), but the level of waste and inefficiency uncovered through our research may surprise you.

WHAT WINS IN VALUE?	PAID SEARCH	ORGANIC SEARCH
CONVERSION RATE	4.18%	2.87%
CUSTOMER ACQUISITION COST	\$112.19	\$14.12



Terakeet researched the value of organic and paid search as customer acquisition channels using 2021 customer data across an array of industry verticals. Our analysis looked at the following four data points:

1. Marketing spend
2. Website traffic
3. Website conversions
4. Customer acquisition cost

On average, the CAC of organic search for brands was **87.4% lower than that of paid search.**

Meaning, for every \$79 our customers spent acquiring new business through the paid search channel, they could've **achieved the same results for merely \$10 through organic search.** This was the case across B2C, B2B, and eCommerce businesses. In one case, organic search CAC was 97.9% lower than paid search.

Although paid search had a higher overall conversion rate, it's likely a result of the ads targeting only purchase-related or branded queries where consumers are already more likely to make purchase decisions. Paid is almost exclusively targeted at these bottom-of-funnel queries, whereas organic search (when done properly) targets the entire funnel, so conversions typically happen a few touches later.

Even with a higher conversion rate, our research found the paid ads cost 29X more than organic search, a statistic that wasn't even remotely matched in the number of new customers.



Outdated Practices

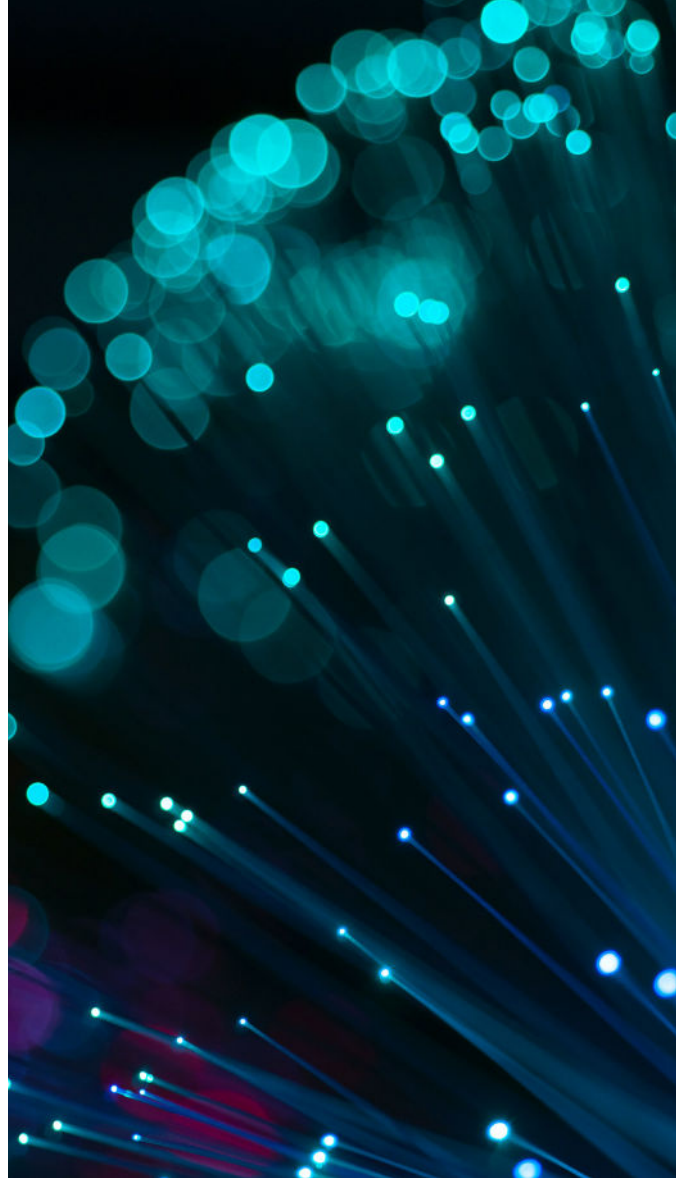
Brands have historically focused a large portion of their marketing budgets on paid search. However, with the impending death of cookies, iOS 14.5, and recent privacy regulations, the online advertising industry is rapidly transitioning. Businesses that focus on organic search strategies will be put in a better position to adapt, weather the storm and even leapfrog competitors, especially if they shift focus now.

The probability of wasted spend with paid search will only increase, while organic search will help brands position themselves to capture high-value positions in search before competitors realize what's happening.

Wasting Money on the Wrong Audiences (and on Fraud)

The reality is that companies are throwing money away to reach the wrong people, or to fraud, by investing in paid search. Even when they do reach the right audience, paid ads rarely generate significant results. What's going on?

The comparative lack of potency for advertising in Google can be clearly explained:



1

Targeting

UNFORESEEN CHALLENGES

- When target consumers don't want to be interrupted by ads (or they use ad blockers), how much does effective targeting really matter?
- Brands also need to be mindful of correlation as opposed to causation. Ads are mostly useful if they're already relevant to an action the consumer was likely to take anyway. Therefore, **paid ads are an expensive way of attracting users who were already planning to buy** the product, leading to negative returns.
- Organic search, on the other hand, is the only channel where potential buyers are coming forward and telling you what they want — searching for answers to their specific questions. It's where the majority of consumers are attempting to solve problems throughout the buyer's journey. That gives you the opportunity to deliver the answers customers need, rather than interrupt their experience with self-promotional information they never asked for. The level of conversation is far more granular, trusted, and targeted than anything paid search could realistically hope to achieve.



2 Results

LACK OF CLARITY

- High market opacity prevents insight into the true impact of ads. If you use an ad network, you don't know exactly where your ad will appear or how much you're actually paying for each impression or interaction.
- Organic search provides clear, measurable, and repeatable results.

3 Waste

FRAUD & MISCLICKS

- Fraudulent clicking is a common problem with paid search ads and it is more pervasive than many believe. **1 in 3** dollars spent on online ads are lost to fraud. A study conducted by Adobe concluded that about **28% of website traffic showed "non-human signals,"** indicating that it originated from automated scripts or click farms. Statista estimates the **cost of global ad fraud will be \$81 billion in 2022.**
- Many of the clicks that actually are human are unintentional ones. On mobile devices, **close to 50%** of all click-throughs are not users signaling interest in an advertisement, but instead accidental "fat-finger" clicks on touch screen devices.

4 Value

DIMINISHING RETURNS

- Ads are only valuable while you're directly dedicating your budget to them.
- The benefit of organic optimization is that the value increases over time. Even if you shift your focus from one area of your site to another, the existing pages you've optimized continue to build search equity and trust among users, steadily elevating your performance in search.

Plus, with organic search, "a rising tide lifts all ships" — it gets easier and easier to rank in Google over time, assuming you're dedicating resources to the correct strategies to build a strong domain presence.

- Think of renting an apartment. Once you stop paying rent, you have no equity to leverage. You go to zero.
- In contrast, think of the maintenance you put into a house you own. As with organic search, with every new effort, you're continually building equity and increasing value.

5 Branding

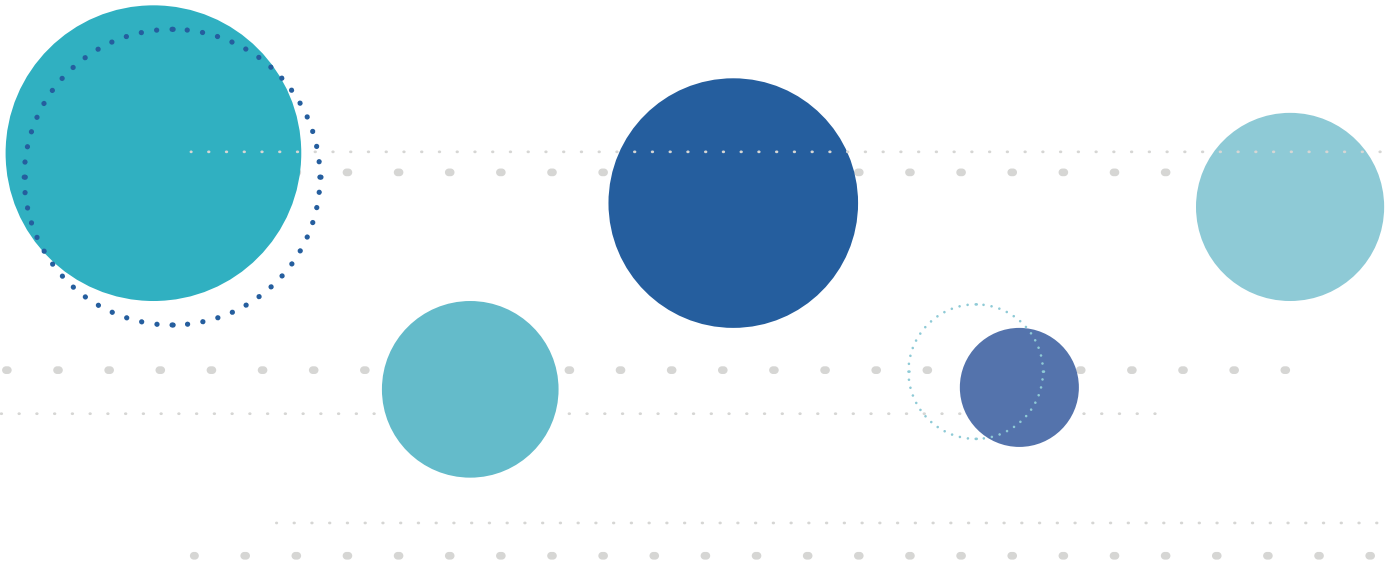
CUSTOMER LOYALTY ISSUES

- Organic search provides far richer detail and customer insight than paid search ads. If you can harness the data being generated by the millions of search queries every day, you can use that information to steer your strategies to meet your customers where they are. Organic search plays a key role in helping to strengthen brand awareness, build meaningful long-lasting relationships with the target audience, and improve site and user experience.
- According to a **Forrester study commissioned by Terakeet**, "Marketers often see that customers who come to their sites through SEO tend to be more loyal, leading to greater lifetime value. They engage more and spend more time on their sites."

MARKETING CHANNELS

Organic Search vs. Others

Beyond paid search, we compared the value of **organic search** with other marketing channels: TV, print, and radio advertising; partner and affiliate marketing; events; digital ads; and email marketing.



Organic search provides accurate conversion data and better user experiences to develop strong brand relationships

Difficulty Tracking Conversions of Non-Search Marketing Channels

Collectively, U.S. businesses spent approximately \$1.35 trillion on non-search marketing, but it's difficult to fully understand the impact of that spend.

It's nearly impossible to measure conversions and their impact in non-digital channels given the lack of accurate tracking technology. Unlike organic search, they often deliver unquantifiable results such as increased brand awareness, or at best give generalized broad audience numbers. Some tools, like marketing mix modeling and attribution software, try to address this, but accuracy is very difficult to ensure.

Although digital channels do provide conversion data, they present similar problems to paid search, as outlined earlier: they don't meet consumers where they're asking for help. This tends to result in wasted marketing spend and higher acquisition costs.

Organic search combines the best of both worlds, providing accurate conversion data and more user-friendly experiences that allow brands to develop strong, trust-based relationships with their customers.

Enhancing All Channels

An investment in organic search has far reaching effects, helping to support and continue the brand narrative that other channels promote. Unlike a TV advertisement that airs over a few weeks, and then provides a few high-level insights, organic search provides specific, real-time audience insights that can help drive better direction, messaging and results across all channels.

Organic search integrates and supports all other channels and marketing efforts. If someone sees a TV ad, the next thing they often do is go to a search engine for more information. Organic search casts a wide net that captures that demand with helpful, brand-positive content.

Organic search offers a holistic, top-to-bottom brand experience that can support your revenue goals at a lower cost than traditional advertising, while giving you actionable insights that will lead to even better strategies.



Conclusion

Opportunity Cost

Terakeet has conducted various in-depth industry studies and uncovered that longstanding businesses with strong offline presences are consistently being blindsided in Google as they undervalue the channel. The **opportunity cost for businesses is in the billions of dollars spent annually** across an array of industry verticals.

Enhance Your Strategy

Each of the traditional marketing channels has a role to play in the overall marketing mix— but we've found that the non-search budget allocations of large companies are often overly weighted without solid underlying reasons.

Our research has found that organic search is the single most impactful marketing channel— delivering the most return for your investment as a customer acquisition strategy and a measurement and customer insights tool.

Terakeet's proprietary technology suite, 20+ years of award-winning experience, and proven **track record** make us the most impactful strategic partner to help you take advantage of the challenges in online advertising by leveraging the organic search channel.

Contact Terakeet

Interested in learning how we can help you achieve **12.2X** returns with an **87.4%** lower customer acquisition cost?

LET'S TALK