

Google's Development Roadmap: More Info in More Places

Adam Heimlich, June 2010

Summary

In meetings with Razorfish, industry conventions and symposia during 2010, Google has previewed forthcoming products and publicized key areas of focus for future releases. This document identifies themes in Google's development roadmap and makes recommendations to exploit an emerging opportunity for large advertisers.

What's Happening

Google is preparing to significantly advance its search offering in three main areas: Mobile, Feeds-based Advertising and Reporting.

Mobile: Since 2005, when it purchased the mobile operating system Android, Google has been positioning for the explosion in smartphone usage occurring this year. Smartphone penetration is now 20 percent in the U.S. and 10 percent globally. Since there are 4 billion active mobile devices on Earth but only 1.5 billion desktops, mobile penetration needs to reach only 38 percent for it to become the predominant computing platform.

Google will be ready. Its engineers are advancing voice-recognition and translation capabilities to facilitate globalization of the Android platform. Google has demonstrated software that translates from images (for example, a phone's photo of a foreign-language road sign), as well as voice-based search.

To facilitate mobile-based commerce directly from search ads, Google has developed click-to-call technology that tracks and provides data on calls transmitted by its own voice-over-IP platform, Google Voice. Google is developing the ability to track and report on referrals for Android applications as well.

Last but not least, Google is among many companies experimenting with possibilities for mobile payment technology. These include credit-card-like images that could be scanned at retail payment points, and individual payment accounts that could work like a mobile version of PayPal.

Widespread adoption of mobile shopping and payment technologies could force a reassessment of consumer behavior, as mature marketing organizations tend to assume separation of "offline" behavior such as call-center requests and store visits from "online"

shopping with digital technology. Google appears geared up to prove via mobile that digital experiences permeate all aspects of commerce.

Feeds-Based Advertising

Defined as the use of a database feed to partially or entirely automate ad buys, Feed-Based Advertising has been part of Google's repertoire even longer than mobile. The need for human operators to manage the input of data into Google's search ad platform limits the amount and freshness of information ads can show. One early feed product attempted to build a keyword portfolio complete with ad creative from text scraped from advertisers' sites. New versions of the same idea are expected to provide more advertiser control, along with options for images, video, special offers, store locations and up-to-date inventory counts.

The incorporation of images and video can be understood as a convergence of Google's feed-based shopping product with AdWords – results from both already share space on Google.com in the form of "Plusbox" expandable image ads (to see an example, search "Rugby Ralph Lauren").

The first step in the back-end reengineering of AdWords with feeds is the ongoing integration of Google's local ads into "local extensions." Today advertisers have the option to "extend" standard keyword buys with store addresses. By this time next year, Razorfish expects the option to extend any Google ad with assets directly from a feed. For Google this means the ability to put much more information at searchers' fingertips: first more product images and map locations, then onward to demo videos, hotel room availability, in-stock data from local stores and specially targeted offers limited only by advertisers' creativity. Consider the possibility of delivering coupons in specified DMAs to mobile devices directly through Google. It's clear that AdWords is becoming a much more complex – and potentially more powerful – advertising platform.

It's worth noting that Google's feed-based strategy flies in the face of Microsoft's ad campaign for Bing. While the challenger promises to relieve "search overload," Google is planning to exponentially increase the volume of information it provides in results. This can be understood as a manifestation of Google's confidence that reliably information-rich experiences build loyalty. Microsoft is pointing out that information doesn't always fulfill its promise; Google believes superior sources of information will continue to win greater audience share because user expectations are so high that inferior sources won't even qualify for comparison.

Reporting: Google would not be the giant it is if its products didn't provide a wealth of data on consumer activity. The next generation of Google products will be at least as granularly tracked. Specifically:

- The ability to track phone activity through Google Voice (described above) is expected to be augmented by call tracking down to the keyword.
- The granularity of reporting on Google's content network will improve to include metrics by site.

- Reporting will be increasingly integrated within the AdWords interface, so that more metrics can be visible to a search manager in the process of bidding. Available metrics might include segmented data per keyword, such as performance by time of day.

Additionally, Google is developing a suite of standard analytics projects to answer common questions from large advertisers. Expected topics include the incrementality of search, optimal media mix and the impact of search on offline sales. Most noteworthy is the recent release from Google of data on search “views” and the lift they provide, which has historically been unavailable to advertisers.

What This Means for Razorfish Clients

Razorfish believes Google’s embrace of mobile should be interpreted less as an attempt to build a new revenue stream than an endeavor to *maintain* its position in a growing market. Search positioned Google between the public and a world of digital possibilities: the perfect place to collect tolls. While mobile is extending the scope and relevance of digital, the value to users of a consistent platform for discovery only increases. At the crux of its mobile strategy is Google’s determination to continue providing advertisers opportunities to deliver a relevant message to a consumer ready to take action.

Google’s roadmaps for feeds and reporting are also entirely in line with the company’s famous mission. Feeds mean more informative ads. Reporting enhancements will uphold the accountability AdWords established via daily feedback. Even in a more complex and automatic digital advertising environment, Google will make it easy for advertisers to distinguish what is from what isn’t working.

Though in its particulars Google’s strategy seems non-radical, its facets add up to a significant shift on the horizon. Razorfish believes the next two years will echo the early years of search in terms of opportunity for savvy digital operators. A single platform providing superlatively informative experiences everywhere, with constant feedback, will do for multi-channel DR what search did for online DR: facilitate the identification and delivery of far more prospects than any other system possibly can.

Consider that the salient functionality of search, now claiming well over \$10B in annual spend, is connecting in-market prospects to online sales. When Google starts to deliver store inventory and mobile shopping utilities, it will connect in-market prospects to online, store and call-center sales. Though online’s share varies by vertical, it’s safe to say the potential increase in tracked, Google-referred sales is over 1000 percent.

In search marketing, in-market prospects are identified by the queries they type. Though this method of “hand raising” is not about to go away, and is in fact growing exponentially through mobile, the next generation of digital DR will feature additional and perhaps even more reliable actions to target. Google doesn’t need to develop something else as powerful as keyword targeting in order to transcend search. The potential of integrated DR is to target combinations of hand-raising and pre-hand-raising behaviors in various channels. By providing feedback on

consumption of more information in more places, Google is courting a new generation of profile-to-purchase modelers.

As was the case with search, Google is accelerating widespread developments by perfecting their advertising platform. Again it will be early-adopting marketers who will innovate new forms of commerce and reap rewards alongside Google. Razorfish believes the nascent opportunity for integrated search DR will become actual by holiday 2010 and significant during 2011.

Razorfish is preparing vertical-specific materials to aid clients preparing to exploit new opportunities in DR marketing, starting with retail. The following three points are intended as broad guidance for multi-channel marketers in any industry.

Guidelines for achieving prerequisites for integrated DR marketing:

1. Plan to make CRM data (purchase history) accessible and matchable to other data sources. A few big advertisers have already started this process, which will enable a unified view of customer segments and activity.
2. Experiment with incentives for online DR marketers to work in new ways. Specifically, incentivize:
 - o Driving cross-channel
 - o Paying for third-party data that might improve results
 - o Monitoring competitors' adoption of integrated marketing tactics
3. Create a governance model for tagging. Most big companies treat the placement of new tags and changes to existing tags as standard production releases to their site, which slows marketing program advances to a crawl. A streamlined set of processes is necessary to facilitate timely adoption of new opportunities.

Please contact your Razorfish Search or Client Engagement lead for custom recommendations.

About the Author



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