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Introducing the wide tail: why the long tail is dying and how to adjust.
Introduction

Once upon a time, on a search engine far, far, away, a search engine marketer could purchase a very obscure keyword (perhaps thousands of such keywords) and make a tidy profit as a result of the incredibly high conversion rate (CR) and incredibly low cost per click (CPC). This technique – known as “mining the long tail” – was a staple of every savvy SEM’s bag of tricks.

Today, the “long tail” in search engine marketing is dead – or, at best, on life support. In its place, a new concept called the “wide tail” is emerging. This white paper will help you understand:

1. Why the long tail is dying.
2. What the wide tail is.
3. What you need to do right now to capitalize on the shift from long-tail to wide-tail marketing.

The long tail: what is it, and why is it dying?

First, let’s discuss what the long tail is. The long tail of SEM refers to low-volume but high-intent queries. For example, a phrase like “San Francisco bad credit refinance mortgage rates” probably doesn’t get many searches every year, but it has a high degree of consumer intent embedded in the query and is likely to convert very highly (after all, we know the geography, credit rating, and home ownership status of the searcher, so we can create a highly targeted landing page and ad text).

In the olden days (read: 2006), finding long-tail keywords was an effective way of creating profitable SEM campaigns, simply because there was a decent chance that you could find keywords that your competitors didn’t – and thus get clicks at a CPC below what you should be paying. In economic terms, this was an inefficient market, which means that a keyword phrase worth $2 if all advertisers were bidding on it might only go for $.25 because many advertisers never knew the keyword existed.

This sort of inefficiency was great for SEMs but terrible for Google because the true value of the keyword wasn’t being unlocked. So, over the last several years, Google has relentlessly changed its rules and algorithms to maximize return on all keywords. The result has been greater revenue for Google and fewer and fewer opportunities to profit from longtail price inefficiency.

Here are just a few of the ways that Google has destroyed the long-tail opportunity:

- **Google Instant Search:** Studies suggest that Google Instant Search reduces query length by 17%, meaning that shorter queries (head terms) have gained volume over longer queries (long tail).
- **Elimination of misspellings:** Buy the word “morgage” today, and you will end up in the same keyword auction as advertisers who bought the word “mortgage.” This wasn’t the case in the past.
- **Better, proactive keyword tools:** Google’s keyword tool – in addition to many other 3rd-party tools – has reduced the advantage that savvy SEMs once had at finding obscure keywords. And Google no longer just offers a passive keyword tool; it also includes an “Opportunities” tab in AdWords that proactively suggests new keywords to advertisers. As a result, the ability to find keywords no one else has discovered is reduced, and prices on these keywords have increased.
• Elimination of geo-modify advantage: In 2005, I downloaded the Census Bureau’s list of 22,000 U.S. cities and appended these names to words like ‘mortgage rates’ and ‘refinance rates’; instantly I had tens of thousands of long-tail keywords! Today, Google determines geo-intent by either the geo-modifier in the keyword or the IP address of the searcher. As a result, when someone types in “San Francisco mortgage rates,” advertisers who bought the term “mortgage rates” geo-targeted their campaign to include California, and (by default) have elected to show ads to users by search intent and physical location, will have their bid entered into the auction. This effectively eliminates my trick of buying 22,000 geo-specific keywords.

• Product Listing Ads: Google has reduced the advantage of retailers buying thousands of product-specific keywords by introducing product listing ads (or PLAs). PLAs enable ecommerce companies to upload a feed of all of their products and then have their ads show up whenever Google determines that a query is related to a specific product. So rather than having to create one million ads for one million SKUs, one product feed can now cover millions of different queries.

• Near Match and Expanded Broad Match: Google recently changed the setting for exact match and phrase match keywords to default to “near match,” which means that even if an advertiser specifically buys a query, Google can still match that advertiser on “near” queries (unless the advertiser proactively opts out of this setting). This means that unsavvy advertisers will unknowingly get matches on more queries, resulting in less inefficiency on these terms (read: higher CPCs and less arbitrage opportunity.)

Add to all of these innovations the overall increase in advertiser participation in AdWords (any advertiser worth his/her salt has an AdWords campaign today; that may not have been true in 2006), and the ability to truly make much money off the long tail is very low.

To be clear, there are still certain categories of SEM advertisers for whom it is still possible – and important – to focus on thousands of keywords. For example, travel advertisers must purchase thousands of combinations of origin destination airfare keywords, as well as geo-targeted hotel and car rental keywords; ecommerce vendors who sell thousands of SKUs can still drive high ROI from hundreds or thousands of different keywords and queries. But these categories are the exception to the rule.
Moving from long tail to wide tail marketing

So what’s an AdWords advertiser to do? Well, at 3Q Digital, we recommend a two-pronged approach. First, rather than focusing on the long tail of keywords, focus on what we call "keyword sculpting." The concept here is to spend more time creating highly targeted ad text, bids, and landing pages for your head terms, rather than trying to uncover secret long-tail keywords. We generally find that 95% of our clients’ revenue comes from the top 5% of their keywords; as such, making sure you are competitive on these top words is a better use of your time than mining the long tail. To learn more about this concept, I recommend you download our white paper about the “Alpha Beta Account Structure.”

Second, to be effective at search engine marketing today, you have to basically do more than search engine marketing. We call this "wide tail" marketing (you heard it here first!). The wide tail refers to the explosion of marketing opportunities beyond search engine marketing. Consider these three trends:

Trend #1: from one channel to multiple channels.

Online marketers can no longer focus an entire budget on SEM and SEO, nor can they just focus on Google. Today, the number of channels and players within each channel has multiplied. Here are a few of the channels and partners we use for our clients (ones you should consider for your business):

- Google AdWords
- Google Display Network
- Yahoo/MSN adCenter
- YouTube
- LinkedIn
- Facebook
- DoubleClick Ad Exchange
- StumbleUpon
- Simpli.fi
- AdKnowledge

Here’s how eMarketer broke it down in June 2011:
Trend #2: from one screen to multiple screens.

Online marketing used to be about marketing to users on their laptops and desktops. Today, users are increasingly accessing online content through multiple screens – through laptops, mobile phones, and tablets. Each of these screens requires a different user experience, different ad text, and often different keywords.


Trend #3: From one country to multiple countries.

For many businesses, online marketing growth from the US (specifically, from English speakers in the US) has slowed or stalled completely. As a result, more and more businesses are realizing that the best growth opportunities come from Europe, Asia, or emerging markets. For many of these countries, effective marketing requires knowledge of different languages and customs, and potentially different currencies for online transactions.
Learning to manage the wide tail

When you combine multi-channel, multi-screen, and multi-language, you quickly realize how dramatically the responsibility of the online marketing department is spiraling out of control. Simply running Google, Facebook, and display campaigns on desktop, tablets, and mobile, focused on English, French, and Spanish audiences results in 27 different campaigns! Add in a few more languages or a few more channels, and you could be looking at hundreds of different campaigns to manage – an impossible task for one marketer, let alone a team of marketers.

To be successful at managing the wide tail, we recommend adhering to four key best practices:

**Best practice #1: use a selective focus.**

For all but the biggest marketing team, it’s not feasible to attack every channel, screen, and language in the wide tail. Pick the channels with the best combination of volume and ROI, and attack these first. Once you’ve mastered the top channels, start to invest in lesser channels. This approach is consistent with our "keyword sculpting" concept – focus on the head, not the tail!

**Best practice #2: delegate!**

We recognize that this is a self-serving recommendation, but we firmly believe it’s also a very important one. To cover as many wide-tail opportunities as possible, don’t be afraid to outsource one or more channels (or screens, or languages, or combinations thereof) to a trusted partner. If you happened to have internal expertise in display buying but lack SEM experience, focus your team on what they are good at and find an SEM agency to do the same for you on the paid search side! Over time, if you develop great internal expertise in SEM, you can always bring this back in-house.

**Best practice #3: allocate testing budgets.**

Moving beyond paid search is scary, as is moving into international markets and into mobile devices. Don’t expect immediate success in new channels and don’t promise your management team revolutionary results (under-promise and over-deliver, as they say!). Allocate budget to new channels as part of a testing plan; in other words, don’t expect to make any positive ROI from these tests!

Instead, expect to quickly learn where pockets of opportunity exist, then return to your management team with a recommendation of actual budget amounts that you want to allocate to these new opportunities.
Best practice #4: set up the right tracking and attribution.

Many wide-tail marketing opportunities are "top of funnel" or "middle of funnel" campaigns, meaning that they generally influence purchase behavior but do not immediately lead to a purchase. Search marketers are accustomed to "bottom of funnel" marketing – clicks that generally lead to a purchase right away. If you try to hold top-of-funnel channels to bottom-of-funnel metrics, you will be disappointed and likely stop buying top-of-funnel advertising. If, on the other hand, you set up proper attribution tracking (the ability to give credit to a channel that influenced an eventual purchase), you can start to understand how the top of the funnel creates demand that is later fulfilled by bottom-of-the-funnel channels. Here’s an example of how this looks:

Putting it all together

Online marketing is getting more complex by the day because the way your target audience finds information online is getting more complex. Depending on whether you are a glass half-full or half-empty person, this paradigm shift either represents a great opportunity or a great pain in the butt! Either way, it’s the new reality for online marketing – one that you need to embrace to be an effective marketer.

To be clear, adopting a wide-tail perspective does not mean abandoning paid search. SEM is – and will continue to be – a major source of revenue for many businesses for years to come. If, however, you still spend much of your work day mining your log files for that six-word query that gets one conversion a year (i.e., focusing on the long tail), you are using valuable hours optimizing the wrong things! We strongly recommend adopting a "keyword sculpting" approach to your SEM campaigns, enabling you to spend more of your time exploring new wide-tail opportunities that could unlock entirely new audiences for your product or service.

Done right, a keyword sculpting approach to SEM and a testing-measure-focus approach to wide-tail channels can give any online marketer a huge advantage over the competition. The wide tail is here to stay – it’s up to you to master it!
About the author

David Rodnitzky is founder and CEO of 3Q Digital, a position he has held since the Company’s inception in 2008. Prior to 3Q Digital, he held senior marketing roles at several Internet companies, including Rentals.com (2000-2001), FindLaw (2001-2004), Adteractive (2004-2006), and Mercantila (2007-2008). David currently serves on advisory boards for several companies, including Marin Software, MediaBoost, Mediacause, and a stealth travel start-up.

David has a B.A. with honors from the University of Chicago and a J.D. with honors from the University of Iowa. In his spare time, David enjoys salmon fishing, hiking, spending time with his family, and watching the Iowa Hawkeyes, not necessarily in that order.

About 3Q Digital

3Q Digital, a digital marketing agency based in Silicon Valley, San Francisco, San Diego, and Chicago, believes clients deserve three things from an agency: passionate service and complete transparency (EQ); channel-specific intelligence and knowledge (IQ) to develop new strategies as digital marketing evolves; and rock-solid execution (XQ) to ensure optimization of every campaign.

The company developed these beliefs as PPC Associates (2008-2013), which made its mark as a pioneering, results-oriented SEM agency before expanding to offer best-in-class services in display advertising, social media advertising, mobile advertising, video advertising, and SEO. 3Q Digital works with some of today’s fastest-growing clients, including GoPro, 23andMe, 2U, SurveyMonkey, Fitbit, and RentTheRunway.
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Contact us

To learn more about how 3Q Digital can improve your digital marketing campaigns, please contact us at 650-539-4124 or visit our website at www.3QDigital.com

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