

# Understanding the Effects of Branded Paid Search Advertising: The Case of Direct-to-Consumer (Online-Only DTC) Brands.

**Ilmira Becnazarova**

*ORCID 0000-0001-6280-5283*

Supervised by:  
Dr. Justin Cohen  
Professor Steven Bellman  
Assoc. Professor Carl Driesener  
Dr. Nicole Hartnett

Industry advisers:  
Shilo Jones  
Jaret Keniston

Ehrenberg-Bass Institute for Marketing Science  
University of South Australia Business School

August 2023

# Acknowledgements

Many thanks should go to many people that made this research possible.

Most importantly to my supervisors, Steve, Justin, Carl, and Nicole. Thank you for supporting and guiding me through this journey. Thanks for your time and patience. Thanks for helping to form this research, and to bring it to life. Thanks for spotting details and for helping to weave a better story. Thanks for all your recommendations and your feedback. And finally, thank you for polishing this study and making it shine.

To the Ehrenberg-Bass Institute. Thanks to Larry for putting faith in me and introducing me to the Institute. Special thanks to Jenni, for sharing knowledge, and for providing me with various opportunities. It has been an invaluable experience.

To Shilo and Jaret for sharing their experiments with the Institute, and for helping to complete this research.

To my fellow HDRs. Thanks a lot for your support, for the shared optimism, and all the answers to my endless questions.

To my family, who supported me through good times and bad. Thanks for giving me space, and pushing me to new limits.

# Declaration

This thesis received support from an Australian Government Research Training Program Scholarship.

I declare that this thesis presents work carried out by myself and does not incorporate without acknowledgment any material previously submitted for a degree or diploma in any university; to the best of my knowledge it does not contain any materials previously published or written by another person except where due reference is made in the text; and all substantive contributions by others to the work presented, including jointly authored publications, is clearly acknowledged.

.....  
Ilmira Beknazarova  
August 2023

## ABSTRACT

Case studies show that brands have stopped paid search advertising and not suffered any loss of online traffic or sales (Fou, 2021). However, these results are typically generated from investigating big brands. This topic warrants further investigation across different brand conditions, including small, less well-known brands. This research looks at a condition that gives a cleaner assessment of the effect of paid search, specifically branded paid search, using small online-only Direct-To-Consumer (DTC) brands which did not use any other form of mass advertising and could capture 100% of their sales.

This study addresses the following question: *What are the effects of stopping branded paid search advertising for small online-only Direct-to-Consumer (DTC) brands on: sessions, transactions, and sales?*

Lots of money are spent on paid search by many brands. There is a scarcity of evidence on the effectiveness of paid search that brands can use to decide whether to rent this digital shelf or not (i.e., whether branded paid search is an effective sales channel or not). This study considers paid search as a form of “distribution”, increasing purchase availability (Blake et al., 2015), rather than “advertising” alone, informing and influencing consumers.

Over the nine experiments, our results show no effect of stopping branded paid search advertising on the critical dependent variables of (a) sessions, (b) transactions, and (c) sales. While these results may be limited to these small online-only DTC companies in their specific categories, they are nonetheless strongly suggestive. These results suggest that small online-only DTC brands would be better off spending what they spend on branded paid search advertising on alternative online growth strategies, such as improving organic search results (SEO), buying generic search terms, or buying online display ads, etc.

This study tested only the effect of stopping paid search advertising that might imply carry-over effects because advertising was stopped only for weeks and not years. Future research should investigate the effects of starting paid search, to provide a cleaner test of its effects. Finally, these results were limited to nine field experiments in one country, six DTC brands, and five different product categories. Replication and extension of this research is needed to test whether this study’s pattern of results is found in different conditions.