Making sense of the changing face of Google’s search engine results page: an advertiser’s perspective

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Abstract

Purpose – Google commands approximately 70 per cent of search market share worldwide, resulting in businesses investing heavily in search engine advertising on Google to target potential customers. Recently, Google changed the way in which content and ads were displayed on the search engine results page. This reshuffling of content and ads is expected to affect the advertisers who advertise on Google and/or use it to drive traffic to their websites. The purpose of this study is to analyze the impact of these changes on various stakeholders.

Design/methodology/approach – Data have been collected from various sources on the internet including blogs and discussion forums. Netnography has been used as it allows a detailed evaluation of the consumers’ needs, wants and choices in a virtual space.

Findings – The average cost-per-click for ads on the top positions is expected to increase. Advertisers whose ads usually occupy the lower positions would be adversely affected. To counter this, more emphasis should be placed on ad extensions and on product listing ads. In addition, organizations would benefit from increased efforts on search engine optimization.

Practical implications – A variety of coping strategies have been developed that can help marketers to successfully navigate through the change, including the use of ad extensions and the use of product listing ads.

Originality/value – This practice-focused paper offers guidelines for digital marketers to use sponsored search more effectively as part of their arsenal in light of some important changes recently made by Google. The potential of netnography as a research methodology has also been expanded by using it in a novel setting and in drawing up actionable insights.

Keywords Netnography, Digital marketing, Google ads, Sponsored search advertising

Paper type Research paper

1. Introduction

Increased adoption of mobile and communication technologies along with the proliferation of online marketplaces has significantly altered the competitive landscape of many industries. Companies have discovered new ways of reaching out to customers leading to new opportunities in marketing (Chong et al., 2010). Prominent factors affecting such developments and giving rise to the primacy of online mediums for advertising include wide geographical reach (Laudon and Laudon, 2002), usage convenience and interactive communication ability (Chaffey, 2004). One of the ways in which the internet has enabled
marketers is through search engine advertising (Edelman et al., 2007). In this study, we have investigated how changes to the way information is organized and presented on the search engine results page (SERP) may affect an advertiser. An SERP is the page that displays ads and other informational content in the form of links when a user makes a search query to the search engine.

In early 2016, Google announced a change in the layout of its SERP. This means that the way in which sponsored search ads appear when a user queries Google has changed. When a user queries a search engine on the SERP, sponsored search ads are displayed as part of paid listing alongside organic (unpaid) listing. The change has resulted in many digital advertising agencies, managers and marketers talking, debating and conjecturing about the possible impacts of the change.

Typically, a firm can advertise in these paid listings by participating, and bidding on search keywords, in an auction conducted by the search engine each time a user makes a search query. Ads get displayed in the paid listing on the basis of their match with the user’s query and the advertisers’ bids, and the advertiser pays the search engine only when a user clicks on their ad. Google commands the lion’s share when it comes to the internet search market, leading other search engines, such as Baidu and Bing, by a margin of 54-58 per cent of the total search volume. Owing to the large search traffic on Google, it has become an important medium for sponsored search advertising (SSA). The efficacy and the importance of this medium for advertisers have been highlighted by numerous industry surveys and market intelligence reports. SSA has been ranked as the most effective acquisition channel for retailers (Lee, 2014). Another survey ranked SSA second on the quantity of leads generated, fifth on the quality of leads generated and stated SSA as having an average cost-per-click (CPC) much lower than the traditional mediums such as radio and TV (MarketingCharts_Staff, 2012). In addition, the survey indicated that the effectiveness of search engines as a source of business to business (B2B) lead generation is rising.

Given the salience of SSA not only to the large advertisers but also to the small- and medium-scale advertisers, it becomes important to understand how the change made by Google in its ad layout on the SERP, with respect to both organic and paid listings, is likely to affect the advertisers. Specifically, we have attempted to answer the following research questions in light of the changes made to the Google SERP:

**RQ1.** What would be the impact on the costs and bidding strategies of advertisers using the medium?

**RQ2.** How would the organic listings on the SERP get affected?

**RQ3.** How can advertisers respond to these changes?

Adopting a netnographic research method, we have conducted a thorough analysis of blog posts, comments on blog posts, Facebook posts and related comments and opinion pieces, and independent analysis of real data, published on the internet with respect to this change. Based on this analysis, we have presented the possible impacts of the change on advertisers, identified new possibilities for advertisers in light of the changes and suggested an agenda for future research. However, before presenting our analysis, we will delineate the changes made by Google.

### 2. Changes in the search engine results page

The change in Google’s ad layout has altered the position, placement and the number of ads that would appear on the SERP when browsing on desktops. Figure 1 illustrates an SERP.
The top three ads were displayed on the top of the SERP, followed by the next eight ads on the right-side panel.

With enforcement of the change, the eight text ads that used to appear on the right side (as shown in Figure 1) no longer appear there. While the top three ads will continue to show on the top of the SERP, the next three text ads will now be shown at the bottom, just below the organic listings. In certain cases, where queries are “highly commercial”, such as “buying air tickets”, an ad that would have appeared on top in the right column earlier (ranked fourth overall) will be served along with the top three ads above the organic listings. In this way, the number of ads above the organic listings may rise from three to four. As a result, the total number of text ads that appear on an SERP will shrink from as many as 11 previously to a maximum of 7 presently. Instead of ads on the right side, product listing ads (image ads typically used by e-commerce marketers; see Figure 2 for reference) and knowledge panels (information about a business displayed in a box) will continue to appear in the right rail on relevant queries. A snapshot of the SERP after implementation of the change is shown in Figure 2.

3. Literature review
A change in the Google ad layout on the search engine provides a natural experiment to understand the effects of the placement of advertisement on the advertisers’ metrics, the importance of organic listings and on the search engine revenue. The change as explained before may be summarized as a change in the number of ads on the page and a change in the layout that moves some ads from the right side to the left and some from the top of the page to the bottom. Thus, we specifically focus on the sponsored search literature that has dealt with ad positions and interplay of organic and paid listings.

Figure 1.
An illustration of search engine results page prior to change

Notes: The top three text-links and those on the right side comprise sponsored search ads, the blue links that follow the ads are referred to as organic listings (Google and the Google logo are registered trademarks of Google Inc., used with permission).
One of the key variables that impacts important search engine advertising metrics such as click-through rates (CTRs), conversion rates and CPC is the ranking of advertisements (Ghose and Yang, 2009; Yoo, 2012). An early research found that the ordinal ranking of firms in an ordered listing on Amazon’s online marketplace is strongly related to a consumer’s likelihood of clicking on the links to the firms’ offerings in the listing and purchasing from it (Smith and Brynjolfsson, 2001). Search engines, more specifically SERP, also create an environment where the order in which content is presented limits the freedom and flexibility of a consumer while browsing organic and paid content. An SERP is an ordered or directional market, wherein the order in which users browse content is a function of the rank of the content on the page (Arbatskaya, 2007). Such directionality is an outcome of cognitive burden as it is cognitively “costlier” for a consumer to visit the links (organic/ads) at the bottom of a list in comparison to visiting those at the top of the list (Animesh et al., 2011; Sherman, 2005). As a result, on an SERP,
the content that is placed at the top attracts greater user attention compared to content that is placed at the bottom of the page. It is not surprising, then, that any change in the layout, as implemented by Google on its SERP, would affect the ability of the listed firms’ to attract search engine users. Hence, it becomes important to understand the impact of this change in ordering and positioning on the businesses. Previous studies such as those by Agarwal et al. (2011) and Animesh et al. (2011) use consumer search theory and positioning strategies to empirically analyze the impact of competition, ad rank and the unique selling proposition on the CTR.

Research has also suggested that there is a positive interdependence between organic listings and paid search, and textual similarity between organic and paid listings is likely to affect the perceived usefulness of the ads (Danescu-Niculescu-Mizil, 2010). The Pew Internet and American Life Project (Fallows, 2005) reported that 38 per cent of searchers reported that they were unaware of the distinction between sponsored links and non-sponsored links; however, research also suggests that there is a negative bias toward the ads on the search engine (Jansen and Spink, 2007).

The review of literature indicates that the while extant literature provides us with important constructs that can possibly help us understanding the impact of changes in SERP layout, no research has specifically looked at this problem. Given the importance of sponsored search to advertisers and Google in terms of revenue, in this paper, we build on the extant literature to understand how some of the key metrics on search engines are likely to be affected through a conceptual model and research propositions.

4. Method
The purpose of this research is to analyze the possible effects of Google’s change in the layout of its SERP on advertisers. To this end, we wanted to understand the reactions of advertisers to this change. The internet as a repository of information and varied opinions, often available publically on social networking websites, blogs and forums, provides us with data resources that could be used to understand advertisers’ concerns, analysis and views regarding this change. The use of content from the Web for conducting research has been emphasized for conducting marketing research in the information economy characterizing the current era (Hansson et al., 2013). We use netnography (Kozinets, 2002), which is defined as a written account resulting from fieldwork studying the communities that emerge from online, computer-mediated or internet-based communications. Netnography is an unobtrusive, naturalistic method of inquiry permitting the investigation of focal online communities without researchers’ participation or interference in the community members’ activities (Kozinets, 2002; Cova and Pace, 2006). As a technique, it allows gathering qualitative insights into consumers’ needs, wants and choices in a virtual space, and symbolic meanings in the case of online internet networks and communities. At the same time, it is faster, simpler, timelier and less expensive than traditional ethnography (Kozinets, 2006). Stemming from these advantages, it allows the researcher to understand the hidden dimensions of consumers (Rageh et al., 2013). As a result, it is argued that it can be an effective market research (Xun and Reynolds, 2010) and consumer education research tool (Sandlin, 2007). Netnography has been used to study tourist cultures (Wu and Pearce, 2014; Rageh et al., 2013; Nelson and Otnes, 2005), brand communities (Cova and Pace, 2006; Xun and Reynolds, 2010; Hollebeek et al., 2017) and value creation in banking services (Medberg and Heinonen, 2014), among others.

For the purpose of this research, we resort to non-participant netnography (Cova and Pace, 2006), wherein the researchers are not active participants in the online communities
they use as resources but engage in sense making from those resources. To understand the possible impact of the change implemented in the ad layout of Google’s SERP, we begin by systematically assembling a repository of content related to facts about the changes, and views of various experts and marketers on the changes.

We focused on the three most popular sponsored search marketing blogs among search engine marketing practitioners around the world, namely, “searchengineland.com”, “searchenginewatch.com” and “searchenginejournal.com”. Within the selected forums, not only do the editors of the blogs but also the employees and the former employees of search engines and various top management individuals of firms connected within the search ecosystem contribute articles and content. The blogs also post their articles on social media websites such as Facebook, where a number of individual marketing managers and small business owners read the articles and engage in discussion. The opinions of various stakeholders about the change were, therefore, available to us for analysis. In addition to these blogs, some other websites that published initial analysis of the change, based on the primary data of the accounts being managed, were also chosen as sites for data collection. For example, the chief technology officer (CTO) of a popular digital advertising agency looked at the data of its clients and presented an analysis using thousands of accounts across all industries.

We also visited popular Q&A websites such as Quora.com and analyzed questions with reference to this change. In addition, we performed several Google searches to ensure that we had covered as many comments and debates as possible on this topic. Following ethical research practices, we have anonymized the details about persons whose comments/anecdotes on online forums are quoted in this work. However, we would like to underscore that all data used for the purpose of this research are publicly available and do not require either sign-up to a particular website or seeking permission before use. A summary of the websites and articles used for this research is present in Table I.

After the collection of data, the authors resorted to a manual approach to analyze the data. Manual approach is recommended when the data set is reasonable in size, can be organized quite readily and the researchers are very familiar with the context (Kozinets, 2010). The prior industry experience of one of the researchers in managing search engine marketing activities, along with prior research in this area by the authors, proved to be helpful in this regard.

5. Emerging themes and research propositions
An SERP consists of two distinct components: organic search listings and paid search listings. Often marketers invest considerably in both these components. To manage the former, advertisers engage in search engine optimization, whereby they spend considerable time and effort in making their websites’ search engine friendly such that the websites rank high on the SERP’s organic listings. For the latter, advertisers may spend money to participate in SSA. Appearing on the same page, organic listings and paid listings are so interconnected that an analysis of the change would be incomplete without considering its effect on organic listings. Therefore, we analyze the impact of the change separately on each of these. In addition, the change is also likely to alter the search engine user behavior. We present our findings beginning with the impact on paid search listings, followed by the impact on organic listings and ending with a discussion on the potential alterations in user behavior as a result of the changes in the SERP layout.
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Author: Frederick Vallaeys, Ex. Employee, Google; Co-founder Optmyzr, an AdWords tool company focused on unique data insights |
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| blog.performics.com             | Digital marketing agency blog    | http://blog.performics.com/google-eliminating-right-hand-rail-ads-implications-for-advertisers/ | Author: Larry Kim, Founder and CTO of WordStream                                                                                     |
| www.rocketmill.co.uk           | Digital marketing agency blog    | www.rocketmill.co.uk/google-removing-right-side-ads                  | Ad agency based out of Chicago deals with paid search, search engine optimization, social media and analytics  
Has presence in 40 countries across Americas, Europe, Africa, Asia and Australia                                                   |
| www.searchenginejournal.com     | Public discussion forum on search engines | www.searchenginejournal.com/google-removes-right-hand-sidebar-ads/156912/  
www.searchenginejournal.com/google-removes-sidebar-ads/157157/ | Author: Dusty Vegas, SEM Analyst at CreditCards.com  
No. of comments – 62  
Author: Matt Southern, Lead news writer, Search Engine Journal  
No of comments – 3  
Author: Alex Worth, Sr. Digital Marketing Manager, Infinity  
Infinity is a digital marketing agency that provides services in 50+ countries across the world                                      |
5.1 Effect on paid search

Our analysis reveals that the change in ad layout on Google’s SERP is a mixed bag for search engine advertisers. While certain aspects of the change might benefit them, certain other aspects might be detrimental to them. But, before we begin our analysis, we would like to draw the attention of the readers toward the mechanism that Google uses to rank ads on its SERP. The rank is based on the product of an advertiser’s bid and their ad’s relevance to a user’s search query, referred as the quality score (QS) in industry parlance. QS is an estimate of the quality of advertiser’s ads and landing pages triggered by that search query or keyword. Having a high QS implies that the ad and its landing page are
relevant and useful to someone looking at that ad. It is also important to understand some specific terms used in the search engine industry. First, impressions refer to the number of times an ad is shown on the SERP. Second, CTR is a metric of ad performance and the number of times an ad is clicked for every impression. Third, CPC is the most commonly used mode of payment used in SSA and implies the cost charged by the search engine from the advertiser for every user click on their ad. Having clarified the meaning of different terms and metrics of interest to advertisers, we now discuss the advantages and the disadvantages for advertisers as a result of the change implemented in Google’s ad layout on the SERP.

5.1.1 Qualitatively better ad inventory available but fewer number of advertisers on search engine results page. The new design of the SERP will have four (in case of transactional queries) instead of three results above the organic listings. Compared to the ads on the right, those on the left have larger space for display and are in the line of users’ information-accessing direction. These ads are expected to have a higher CTR compared to the ads on the right panel (Gupta and Mateen, 2014). Therefore, advertisers that occupied the fourth ad spot, hitherto placed on the right side, will see a sharp increase in the CTR of their ads. Similarly, if the user scrolls to the bottom of the page, Positions 5-7 would now appear here and will have higher visibility because of the larger space. Furthermore, there is also a belief among advertisers that users might be developing a blind spot for ads on the right panel; hence, the shift of ads ranked 5-7 from the right panel to the left (below the organic listings) would help these ads get more attention. Because the ads that are viewed for 1 s or more have about 21 times more chance of getting clicked compared to the ads that receive less than 1 s of user attention (Mohan, 2013), the change might also lead to higher CTR on the ads ranked 5-7. Another advantage of this shifting of ads from the right panel to the left is that now all ads can use the call-out extensions, sitelink extensions and location extensions, available for left-panel ads. These extensions help advertisers reach out and display more options to the user and would possibly lead to a higher CTR. In addition, these add-ons make the ads look more authentic and “native” (Carlson, 2014) and decrease the difference between organic listings and paid listings, bringing down the bias that users exhibit in favor of organic listings (Jansen and Spink, 2007). This view is supported by an analysis presented by WordStream, a digital advertising agency, on data of about 2,000 of its customers (read advertisers), which showed that there is an increase in overall CTR experienced by advertisers (Kim, 2016). However, on the downside, there may be a decrease in the absolute impression share for advertisers listed in Positions 5-7 as users might not reach the bottom of the SERP every time. Initial data analysis by WordStream reveals that at Position 7, the ad impression share has dropped from 30 per cent (prior to the change) to about 10 per cent (after the change).

An analysis by an ex-employee of Google in a blog suggests that at an aggregate level, net of the pluses and the minuses, “[t]he change makes 18 per cent more clicks available.” However, it is important to note that this analysis is made on an aggregate level and individual advertisers are likely to have different ad positions for different keywords. While the advertiser will benefit by using some of these keywords, they will be adversely affected by others. The exact effect for an advertiser would, therefore, also depend on the portfolio of keywords the advertiser possesses and the average positions of ads for those keywords:

*P1.* The shift in positioning of ads from the right panel to the left will significantly improve the performance of ads in terms of CTR, especially for those advertisers who were previously ranked fourth on the SERP.
The change will also result in the number of text ads on the first page of SERP to decrease from 11 to 7. In other words, advertisers whose ads were ranked 8 through 11 will no longer be able to show their ads on the first page of Google search results. While their ads would possibly appear on the second page, research has shown that there is a big drop-off of users on the second page. Some studies have shown that less than 10 per cent of users go to the second page (Allen, 2010; van Deursen and van Dijk, 2009). As a result, these advertisers would see a decrease in their ad impression share. It is also argued that apart from generating clicks, sponsored search ads also help creating awareness and leading to future branded queries or sales through offline channels (Chan et al., 2011). The aforementioned loss in positions would, therefore, lead to a decrease in branded search query volume and other spillover advantages for the advertisers whose ads are ranked greater than 7:

\[P2.\] The reduction in number of ads on the SERP from a maximum of eleven to a maximum of seven will adversely affect advertisers whose ads occupied Positions 8-11 previously.

5.1.2 Better information quality. An unanticipated advantage of the change is the superior quality of information that would be available on the reporting interface. Google reports average position on which the ads appear (in a specified time period) to advertisers. With 11 (3 + 8) ad slots earlier, the average could vary a lot and result in aggregation bias in sponsored search markets (Abhishek et al., 2015). However, with the decrease in ad slots, the average position of the ad is expected to have a lower deviation. This opinion is reflected in the words of a senior manager of an international digital advertising agency “[…] inaccuracy in average position reporting will be reduced by the reduction in available ad positions to seven per page”. Advertisers and agencies managing the paid search activities on behalf of the advertisers can use the better quality of information available as a result of the lower number to better optimize paid search accounts:

\[P3.\] The reduction in number of ads on the SERP from a maximum of eleven to a maximum of seven will improve the accuracy of average ad position reported by Google to advertisers, through a reduction in the deviation of possible ad positions.

5.1.3 A shift in most profitable positions. Empirical research has found that top positions are not the most profitable keywords for advertisers. While top positions ascertain a higher CTR and a greater absolute number of clicks, it is the middle positions that have the best profits, because of lower costs in comparison to the top positions (Ghose and Yang, 2009). A reorganization of these ads, from the side panel to the bottom of the page, will lead to a decrease in the number of conversions because of the decreased impressions. A decrease in the number of low-cost acquisitions may increase the overall account-level acquisition costs for the advertisers, and could also adversely affect bids and positions of other keywords in the advertisers’ portfolios. This view is reflected in one of the search engine advertising agency’s (lunametric) blogs:

A positive side effect is increased overall audience reach. With more ads at the top of the page, you should expect to have a high level of interaction with your targeted audience[…]. The only potential negative effect is the one you have already mentioned – expected cost increases:

\[P4.\] The shift in positioning of ads from the right panel to the left will lead to a decline in the profitability of ads that earlier occupied the right panel because of lower impressions at the bottom of the SERP.
5.1.4 Possibility of cost-per-click rising. There are two reasons for an expectation of average CPC rising in the wake of the change implemented. First, because the ads ranked 5 to 7 will now be moved to the bottom of the page, there might be a decrease in the impression share of these ads, as explicated earlier. This will force the advertisers with ads in these positions to target higher positions by bidding higher, consequently increasing the CPCs. In addition, the top three (four) positions will have disproportionate visibility compared to the bottom three. This may increase the inherent valuation of these slots for advertisers, specifically for branded search queries. Second, advertisers placed on Positions 8 through 11 will no longer appear on the primary SERP. It is expected that they will compete for positions on the first page by bidding higher. As a result, CPCs for advertisers on an average are expected to rise. The increase in CPCs was the most common belief that advertisers/agency personnel/individuals held with respect to this change. Some of these comments from social media users (SMUs) in a discussion are presented below:

SMU 1: Whoa whoa [...] that means only top 3? Cpc are gonna shoot up!

SMU 2: I could see tens of thousands of small businesses going into financial trouble as a result of this decision.

SMU 3: As a small business owner I use Adwords and to hear that it has been cancelled leaves me with a challenge. How do I compete now with large companies whose budget is higher of far more to bid? The answer: I cant! My ads are usually top 3 on the right so the ROI is decent enough to get visitors to my site and generate, perhaps another solution to small business owners should have been looked at! What happens to the right side? How do my clients find me/us, do I stop using Adwords if I cant compete? Kick the small guys out and the rich get richer [...] [...].

Therefore, we propose the following:

P5. The shift in positioning of ads from the right panel to the left and the reduction in number of ads on the SERP from a maximum of eleven to a maximum of seven will, on an average, lead to rise in CPC for advertisers.

Based on the above analysis, Figure 3 presents the impact of the change in ad layout on Google’s SERP on ad impressions, CTR and CPC for different ad positions.

5.2 Effect on organic listings
We now focus our attention on the organic listings on the SERP. Given that above the line the page size is constant, increasing the prominence of paid listings would inadvertently come at the cost of organic listing. With the number of ads above the organic listings increasing to 4, the organic listings would be pushed down the page and only one organic listing would be seen above the fold (without having to scroll down). This compromises the salience of the real estate available for organic listings. Our analysis reveals that it is almost unanimously believed that the biggest looser of this change is organic listing. Therefore, we propose that:

P6. The shift in positioning of ads from the right panel to the left, and the possibility of having four ads appear above the organic listings, will result in paid listings usurping the real estate that was previously allocated to organic listings, leading to a possible decrease in the number of clicks of the second and third organic listings.

The change may also have second-order effects, where a simultaneous presence of an advertiser in both organic and paid listing may have a reinforcing effect. This is because the CTR on organic listings has been shown to have a positive interdependence with CTR on paid listings, and vice versa (Ghose and Yang, 2009). Now that the ads and organic lists are
all placed in one list, the observed reinforcement in CTR may be higher, thereby increasing the importance of top rank in organic listing.

In addition, while the SERP layout change appears to have a negative impact on organic listings in terms of their position on the SERP, the importance of organic listings is likely to increase for small- and medium-scale businesses, which may not be able to afford the high CPCs that result from the change. The increased importance of search engine optimization, that is, activities performed by marketers to rank high organically, in the wake of the changes is reflected in the comment posted by an SMU (probably a business owner) on a discussion page on Facebook:

SMU 4: So basically Google search results now look like Google’s mobile results. 4 sponsor links above the fold/scroll and 3 local maps results and a couple organic results. And old school SEO’s laughed at me when I started building and optimizing Google listings for businesses.

P7. The possible increase in competition for top slots is likely to increase the CPCs for advertisers, thus intensifying the value and need for top position in organic listings especially for small- and medium-scale firms.

5.3 Potential changes in user behavior and its effects on advertisers
It would be naïve to imagine that the SERP layout change implemented by Google would impact the advertisers alone. The new format is also likely to affect users who scavenge for information on the internet by typing queries on search engines. The effect on users and their response to the change is likely to, in turn, impact the advertisers.

The change will make for a more homogenous viewing of the SERP across multiple devices, as the new layout means that there will be no difference from now onwards in the way the SERP renders on desktops and mobile devices. This is likely to reduce the cognitive strain that users otherwise face because of the layout and concomitant content differences across devices. Moreover, with an overall decrease in available ad slots, users can expect more relevant ads, that is, ads with higher QS, to get displayed. As a result, this could potentially lead to higher CTR. This is also reflected in a statement by an SMU on Facebook:

SMU 5: Now the entire game will be on the quality score [relevance] to match up the top spot [...] [...] But the ask is will it also improve the CTR since we now only have 3 sweet spots?
However, users may be put off (Speck and Elliott, 1997) by the increased number of ads above the organic listings, leaving just one organic result above the fold. This may lead to a further increase in the proliferation of ad-blocking software. The usage of these kinds of browser add-ons is anyway troubling advertisers, markets, search engine owners, content creators and publishers with an estimated ad revenue loss of about US$22bn (PageFair and Adobe, 2015). This sentiment is reflected in some quotes below:

SMU 6: Altavista did this once upon a time - the ads just gained more and more space above the fold until one day most of the upper half of the page were ads.

SMU 7: I'm not too concerned with small unobtrusive adverts but what really bugs me is the huge list of commercial his I get when searching.

SMU 8: HAVE THEY? [made the changes] #AdblockPlus

SMU 9: didn't even notice with adblock

P8. As a result of increased ads in the first fold of the page, the popularity of ad blocking software is likely to increase.

6. Discussion and implications
Having analyzed the possible effects of the recent changes made by Google to its SERP layout, we now present some possibilities for advertisers to cope with the ad layout change and make the most of the changed environment.

6.1 Strategy #1: improve relevance – increase focus on quality score and account optimization
The competition for top four ad slots is expected to intensify, and CPCs are expected to rise as a result of the changes. In such a scenario, it becomes increasingly important for advertisers to increase their focus on the QS of ads. Better QS will help advertisers retain their positions and pay less for clicks. Therefore, advertisers should relook at their ad-groups, ensure that all ads in a group reflect the same keyword theme and also ensure that the different ad copies match the keyword theme. Advertisers whose ads can establish a better connect with their potential customers are likely to benefit.

With the number of ads on the SERP decreasing, the quality of information reported by Google on an ad’s average position is expected to improve. This improvement offers possibilities for better optimization to advertisers. An advertiser that has automated the bidding process would benefit from reviewing their optimization rules. A comparison of pre- and post-change data can be used to tweak the existing bidding rules and heuristics.

6.2 Strategy #2: employ ad extensions
Shifting of all the adds to the left side affords advertisers the ability to use ad extensions that were previously unavailable for ads placed on the right-side panel. The sitelink extension allows advertisers to incorporate multiple links to different sections of their websites and helps to improve customers’ experience by providing the user options to quickly navigate across the website (Gupta and Mateen, 2014). Using sitelinks can also decrease the user bias against paid
search campaigns (Jansen and Spink, 2007), as these ads match better with organic listings in terms of content and legitimacy and, therefore, lead to a higher CTR. Increased clicks because of the higher CTR can, to an extent, offset the decrease in impression share experienced by ad in Positions 5-7 that have been moved to the bottom of the page.

6.3 Strategy #3: counter poaching possibilities – invest in brand campaigns
Search engines allow the possibility of “bait and switch” advertising, wherein an advertiser can bid on the branded search queries of another competing brand to entice the competitor’s potential customers (Rosso and Jansen, 2010; Sayedi et al., 2014). With the number of ad slots above the organic listings increasing to 4, and the consequent downward movement of the organic listings, the importance of a brand campaign, that is, a campaign with branded keywords, for an advertiser has increased. It is now imperative for an advertiser that ranks top in organic listings to ensure that its competitor does not poach away its potential customers through paid search campaigns. In other words, advertisers can no longer focus merely on their organic listings, but they will have to protect and bolster their organic ranking with paid search campaigns.

The additional fourth ad spot above the organic listings can be a game changer for small-scale firms that do not have an established brand yet. They can target this slot to poach some of the branded traffic of other big firms. However, small-scale firms trying this strategy must constantly keep an eye on the costs incurred. Typically, the CTR on competitor’s keywords is lower as users are less likely to click on a brand other than what they searched, hence the CPC is higher.

6.4 Strategy #4: capitalize through product listing ads
The changed ad layout results in a large empty space on the right of the SERP that would probably be filled through Google’s shopping ads, also known as product listing ads. These ads contain more detailed information about the product, the seller and the price. These ads provide visual imagery on an otherwise text heavy page and, therefore, stand out. Li and Bukovac (1999) in their study on the cognitive impact of banner ads found that bigger banner ads lead to more clicks and better comprehension compared to smaller banner ads. Product listing ads are generally shown either above organic listings or on top-right of the search query page. Both these positions tend to get maximum user attention as reveled in heatmap studies (Google, 2009). Marketers that deal in selling products online could leverage these ads to get positioned on the right panel. However, it is important to realize that when dealing with product listing ads, in addition to bid and QS, the price of the product also determines the ranking of these ads. An advertiser using these product listing ads will, therefore, have to base their optimization decisions based on an additional variable.

Table II summarizes the changes and their impact for advertisers across different positions on the SERP, along with possible coping strategies that could be used by these advertisers.

At a macro level, this change also has implications for the way in which regulators have been scrutinizing tech giants such as Google, Facebook and Amazon. Various agencies, including those that look after monopolistic practices and consumer interests, have been growing increasingly wary of the potential negative effects that could ensue because of the dominance of such companies (Sandbu, 2017). There have also been calls that these companies be broken under certain conditions to protect smaller organizations (Economist, 2014). Our analysis does indeed indicate that the recent changes could be detrimental to the interests of small and medium players in the markets, who may have to bid higher amounts for the same slot because of the increased competition. Given that the mechanism seems to favor the bigger firms that have large advertising outlays and can afford higher CPCs, there is a need for more
debate on how Google and Facebook, as dominant advertising platforms, go about leveraging their dominance and their implications for businesses, competition and society.

7. Conclusions and future directions
In this study, we used netnographic analysis to understand the possible effects of the changes in layout of Google’s SERP. We further proposition on the probable effects on advertisers’ paid search campaigns, the effects on organic listings as a result of this change and the possible changes it may induce on search engine users. Our analysis suggests that the change is likely to have varying effects on the advertiser depending on the position she is targeting. We expect the CPCs for the ads on the top of the page to increase, the impressions for the ads in Positions 5-7 to decrease and the CTR for ads at the bottom of the base to increase. We also expect that as a result of the changes, small- and medium-scale firms are likely to emphasize more on organic listings to counter the increased CPCs. In addition, possible coping strategies for advertisers have been discussed.

The netnographic analysis carried out in this study can be extended by using other research methods to have a more holistic understanding of the changes. For example, the new design of the SERP alerts us to the possibility of user attention on the page undergoing a change. Fresh eye-tracking studies need to be carried out to understand the changes in user behavior after the ad layout. A comparison with the extant research on user behavior on search engines can help in identifying sections of the SERP that receive most user

<table>
<thead>
<tr>
<th>Search engine activity</th>
<th>Advertiser position(s)</th>
<th>Impact</th>
<th>Coping strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid search</td>
<td>1-3</td>
<td>Largely no change</td>
<td>Tighten your ads, improve CTR and quality score to counter effect increased competition</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Might experience increased CPCs because of increased competition</td>
<td>Ensure ads have sitelinks, location extensions running</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Better placed because of the shift to the right side</td>
<td>Keep an eye on budget, increased CTRs may eat up more budget</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Will experience higher CTR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5-7</td>
<td>Will possibly experience lower impressions</td>
<td>Wherever possible, increase bids and try competing for Position 4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CTRs are expected to rise</td>
<td>Ensure sitelinks and other extensions are enabled</td>
</tr>
<tr>
<td></td>
<td>8-11</td>
<td>Worst affected, will be pushed to page 2</td>
<td>No option, but target Positions 5-7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduced impression share</td>
<td>Invest in search engine optimizing activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>May also experience decrease braded search queries</td>
<td></td>
</tr>
<tr>
<td>Organic search</td>
<td>1</td>
<td>Negatively impacted by additional ad slot above it</td>
<td>Need to have paid search campaign to counter higher possibility of poaching</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increased possibility of competitive poaching</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2-8</td>
<td>Largely unaffected</td>
<td>Invest in paid campaigns</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Target competitor keywords in paid search</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9-10</td>
<td>Increased competition of click from ads below</td>
<td>Invest in paid search and target Positions 5-7</td>
</tr>
</tbody>
</table>
attention. The layout change makes the top and the bottom two separate blocks that might be exposed to very different user behavior. Hence, another possibility is to understand the difference in user behavior with respect to ads at the top and at the bottom. An in-depth empirical analysis involving different types of ads, value propositions communicated through those ads and different ad positions is another potential area of future research that will result in actionable insights for practitioners.

This study could also guide further research in sponsored search auctions, wherein valuation of a position by an advertiser would vary depending upon the attention an ad slot gets. While Google is trying to keep the ads relevant by only allowing 4 ads on top in case of “transaction queries”, the effect of the layout change on users with respect to adoption of ad blocking applications provides an interesting area for future research and analysis. A systemic analysis of the effects might reveal interesting findings for search engines and advertisers alike.

Note

1. The spending by advertisers on online advertising was approximately $60bn in 2015, of which Google alone accounted for approximately 50 per cent of the spending (PricewaterhouseCoopers, 2016).

References


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