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Search Engine Marketing: Why it benefits us all

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'Should this burgeoning commercialization concern information users who turn to search engines to identify appropriate information sources from the digital morass of the Web? No, not really.'

Abstract

Search engines are playing an increasingly important role in Internet marketing and commerce. Having once been sidelined by the major portals in favor of other 'sticky' features such as news, search is once again central to portal strategies. Yahoo has recently spent almost US $2 billion acquiring other search technology providers to compete with Google more directly. The world-wide search market is forecast to grow from US $2.1 billion in 2003 to US $7 billion by 2007. However, against the background of a rapidly consolidating search market, there are increasingly sophisticated technology tools and approaches to utilizing search engines to achieve marketing goals.

Keywords: advertising, Internet, World Wide Web, search optimisation

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Introduction

'Search is fast becoming the most effective online marketing tool.' Forrester Research.

According to Forrester Research, search sites (engines and directories) originate 80% of all Web site traffic. With both individuals and companies alike widely using the Internet to conduct research to inform buying decisions, visibility on the web is critical.

An IDC report, 'Web positioning as a critical e-marketing tool' [1], noted that companies had three strategic objectives in optimizing their presence on the Web:

- visibility on key search sites is critical in the early stages of Web site and market development. This involves being listed in the appropriate category

of a directory listing and search engine results, directly related to the company's core target market;

- generating qualified traffic for targeted marketing of specific products and services;

- the third, more tactical, objective is the respective ranking of a company with its competitors.

Internet technologies are increasingly driving one-to-one marketing relationships. On the Web, the first chain in customer relationship building begins not with your site, but in ensuring that customers and other desired demographics (e.g. media) are referred to your site.

To achieve these goals, Web sites must be fine-tuned for search engine indexing and compete for prominence using:

- on-site search optimization;

- paid inclusion;

- sponsored links and paid listings.

Success is usually measured in terms of click-through rates from the search engine to your site, customer leads, generated sales, and more broadly in terms of competitor benchmarking and brand awareness and perception.

Search syndication

Nowadays, when a user conducts a search at a popular web search site they will be presented with a results screen that will contain:

- editorial listings – from a computer-compiled search engine;

- directory listings – from a manually-compiled web directory;

- paid-listings – company sponsored links delivered by search ad networks.

While search engines and directories function quite differently, both search tools have complementary strengths. Consequently, the search industry has witnessed mass consolidation and a hybridization of search engine and directory technology on sites. For example, Yahoo supplements its directory results with search engine results from Google. Likewise, Google offers directory listings from the Open Directory Project. This blending of technology provides more choices and better results for users.

Companies are increasingly prepared to pay not just for inclusion on search engines and directories, but also for performance. Search results therefore typically include paid-listings with ad copy promoting companies that provide services or sell products that relate to the user's search term as shown below.

In addition, many search engines and directories cross-syndicate listings from other companies, then apply their own filters to refine results. Some of the world's most popular search sites, such as MSN and AOL, don't actually own their own search technology – instead they license it from other search providers. This cross-syndication accounts for similarities seen when searching across multiple sites. For example, MSN purchases directory data from LookSmart but uses its own editors to fine-tune the returns. The BBC does something similar with search results licensed from Google.

According to research from OneStat.com [2], Google is the world's most popular search engine with a global average usage share of 55.2%. The world's most popular directory, Yahoo, is the second most popular global search site, with a 21.7% usage share:

The OneStat research was based on a sample of two million visitors divided into 20,000 visitors of 100 countries each day during April and May 2003.

Table 1.

Search site	Global usage share
Google	55.2%
Yahoo	21.7%
MSN Search	9.6%
AOL Search	3.8%
Terra Lycos	2.6%
AltaVista	2.2%
Ask Jeeves	1.5%

Source: OneStat.com

Search optimization

'Google uses more than 100 criteria by which to rank sites and constantly refines them to stay ahead of unscrupulous optimisers.' *Financial Times* 1 July 2003 [2].

Before considering advertising options, most Web sites will attempt to improve their ranking on search engines and directories via on-site optimization. This is something of an art in itself and consequently an entire cottage industry has sprung up advising clients on how to best optimise their web sites to perform/rank well in search engines and directories.

However, some search optimization consultants may employ questionable techniques that may produce short-term traffic increases, but serious medium-to-longer term problems, even resulting in a site being blacklisted and manually removed from search engine indexes. The most important pitfalls to look out for include

- doorway or cloaked pages contain text, metadata and other features designed solely for the purpose of attracting search engine spiders. Once on the page, spiders are redirected to the actual site. The cloaked pages are not intended to be viewed by the public and consequently have no links pointing to them. Use of cloaked pages may temporarily boost rankings, but may damage a site's reputation if the practice is discovered;

- spamming – includes activities like repeating keywords indiscriminately throughout content or metadata, or resubmitting pages too frequently to search sites.

These questionable techniques can result in a site being blacklisted from search engine indexes; read Google's blacklisting statement at: www.google.com/webmasters/2.html

Search optimization can be conducted in-house following a number of steps:

- keyword research – find out what words customers/clients are using in their search terms. Try Overture's SearchTerm Suggestion Tool (http://inventory.overture.com/d/searchinventory/suggestion/) or the 'related searches' feature on many search engines, which reveals the most popular related terms that

users are searching on. A full listing of which search engines provide a 'related searches' feature is available from http://searchenginewatch.com/facts/assistance.html;

- write for the web – produce concise copy that incorporates keywords that are important to the target audience (as identified via the above research). The most important keywords should appear near the top of the page, or in bold, or as hyperlinks. Search engines index according tot he location and frequency of terms, so such words receive a higher weighting than plain text words further down a Web page;

- metadata – provides content with context. It is 'information that describes information'. The page browser title is displayed on search engine results listings. The keywords meta field is now largely ignored by web search engines;

- links – secure lots of links from relevant third party sites. Links analysis forms the corner stone of Google's PageRank and Teoma's search technology, although it features in all search engines to some degree. Not all links are equal – a link from a reputable site such as a university Web site attracts a greater weighting than a link from a personal home page;

- URL submissions – don't just hope search engine spiders will find your site – bring your site to their attention – but always check the policies of each search site before making any submissions. For directories, it is only possible to submit a single URL and description for the entire site. Search engines will only ask for the site URL and a contact email, but will index the contents of your top-level pages. There are also a variety of submission software tools such as SearchMechanics and SearchEngineCommando.

Pay-for-performance

'Sponsored searching is the fastest growing section of the Internet'. Gartner Group [3].

Paid-for searching is not new – it's been around since 1995. However early attempts were crude, resulting in irrelevant commercial messages being

foisted upon disillusioned site visitors. Some companies employed questionable practices that eventually became illegal (such as citing a competitor name in the now largely irrelevant keywords meta tag field).

Today, paid-for-performance is a booming market; US Bancorp Pipper Jaffray's April 2003 report on the search sector predicts the world-wide search market to grow from US $2.1 billion in 2003 to US $7 billion by 2007 [4]. A key driver behind this growth is the paid-for listings market (the bank's figures also include revenue from enterprise search – licensing search technology for internal company networks). Much of this revenue is focused on the more advanced US market – Jupiter Research forecast that search advertising in the US will double to US $1.6 billion this year and reach US $ 4.3 billion by 2008 [5].

Paid inclusion

'So how can we trust what we're given?', *Financial Times* 12 Aug 2003 [5].

Paid inclusion involves a company paying a search engine for the right to submit its site, (or just selected pages) directly to the search engine's database so that the site (or pages) are available more quickly to searchers. Paid inclusion has been available since 2000, but it has only taken off in the last year. Advantages for advertisers are:

- it removes the time-lag that occurs with free URL submissions, where there can be a significant gap of several weeks from the time the URL was first submitted to the search engine for indexing and it actually appearing in the database;

- search engine spiders will return and re-index content on your site more frequently compared to web sites in the search index that have not paid for inclusion. For example, companies that pay to be included in Inktomi's directory (now owned by Yahoo) can choose to have their site crawled/re-indexed every 48 hours;

- it is particularly useful for sites that contain a wide range of content that cannot be easily categorized into a few keywords;

- it is easier to control budgets/costs with paid inclusion compared to paidlistings.

According to www.morevisibility.com, typical costs for paid inclusion are between US $20 and US $40 per page included in the search engine database [6].

Paid inclusion does not guarantee higher referrals for expenditure – it only guarantees prompt inclusion in the search engine database. Search engine algorithms do not distinguish between free and paid inclusions. Even so, sites that have paid-for inclusion are not visually distinguished from those that haven't in search results. Search providers such as LookSmart and Inktomi also employ human editors to review and catalogue web pages submitted by companies paying to be included – this manual refining can ultimately favour sites that have paid for inclusion and may result in higher rankings compared to free editorial listings. This has lead some to question the integrity of such search engine results, and it is for this reason that Google does not offer paid inclusion.

Conversely, paid listings are clearly distinguished and operate on a cost-per-click basis so advertisers only pay for referrals and not exposure.

Paid listings

Paid listings are short text advertisements within search results screens, with links to the advertiser's site. Advertisers compete with one another by bidding to sponsor selected keywords.

Keyword sponsorship operates on a cost-per-click basis, so advertisers only pay for those visitors who have clicked on their listing to go to their Web site. Provided an advertiser has bid enough to sponsor a particular keyword, there is no cost for their listing to appear on the search results screen. However Google also has minimum click-through rates that need to be maintained for the ads to continue to appear in the listings. (Conversely, Google will boost an ad/listing that achieves a higher click-through rate than other listings for the same sponsored term/keyword).

How keyword sponsorship works

Keyword sponsorship enables an advertiser to bid for particular terms, and promote a link to their Web site from within the search engine results.

198 Business Information Review, 20(4), December 2003

The only search engine that companies can advertise with sponsored keywords directly is Google. To advertise on other search sites, it is necessary to go through a third party intermediary such as Overture, Espotting and Findwhat. However, the advantage of using these third party sponsored-search providers is that they each provide a wide distribution network of other web sites such as search engines, web directories and major portal and ISP sites, although Google does also provide its Adword paid listings at other third party sites.

Overture (formerly known as GoTo.com) began offering pay-for placement in search engine results in 1998. Its success prompted Google to offer its own pay-for placement service, Google Adwords, in 2000. They provide advertisers with sophisticated web-based purchasing, reporting and campaign optimization tools (e.g. real-time keyword tracking and auction budget management).

With such tools, advertisers are attracted to paid-for placements due to measurability, accountability and cost-effectiveness – campaigns can be carefully tracked and costs controlled. The advertiser that bids the highest for the keyword will appear at the top of the paid listings results. With the notable exception of Google, these used to be innocuously integrated within editorial results, until a recommendation from the US Federal Trade Commission in June 2002 for greater disclosure resulted in adverts and editorial results being more clearly differentiated (usually to the right hand side of the screen).

Pay-for providers are also focusing on better analysis tools, providing marketing managers with concise, visual reports on how their campaigns are faring, rather than large Excel spreadsheet data dumps. Overture had acquired Keylime Software, a developer of analytical tools, in January and released a substantial upgrade of its analytical tools during the summer. Google is also due to unveil a new version of its Adwords software with improved analytical abilities.

Paid search providers get paid when a site visitor clicks through to the advertisers' site. Revenues are then split with the search site distribution partners that publish these keyword-sponsored ads with their editorial search results. Typically this revenue was spilt 50/50 but Google's more generous distribution of 80% of paid search revenue to its distribution partners is squeezing margins at its competitors – Overture has increased the revenue it hands over to partners by 10%

to 60%. Similarly, Google's minimum allowable bid for advertisers is US five cents per keyword, which compares favourably with Overture's minimum allowable bid of US 40 cents.

Smaller competitors such as LookSmart and the recently combined Findwhat.com and eSpotting, will undoubtedly be pressured to offer more a generous share of revenue to their distribution partners, placing them under even more competitive pressure from their two big rivals.

Keyword sponsorship tips

More general keywords will attract a larger number of advertisers and therefore higher bids – the more specific the term you are sponsoring, the fewer advertisers you are likely to be competing against. Widely used generic keywords will be more expensive to sponsor than specific keywords, because of the greater number of advertisers submitting rival bids to appear at/near the top of the results list (e.g. 'tax' would be much more expensive to sponsor than 'transfer pricing').

Click-through rate will depend on the search type – a brand name search would typically yield a much higher click-through rate that a search for a generic product.

Bids can be managed in real-time. During the working week, advertisers can submit higher bids for their sponsored keywords, but then drop their bids back down later in the weekend.

Budgets can be managed according to a variety of criteria;

- sponsor a keyword indefinitely or for a defined period of time;

- sponsor several keywords (e.g. synonyms) for the same listing that you have submitted;

- stipulate that your listing should always appear at the top;

- stipulate that your listing should always appear in the paid listing results. There is only a limited amount of space to display paid-listings e.g. only five

listings. Other advertisers may outbid you, in which case your listing would not appear.

The software tools used to manage keyword sponsorship activities that support a campaign, will automatically deduct the appropriate costs from your budget according to the criteria that you have stipulated (i.e. cost per click) and for each click-through that your listing has generated (i.e. number of clicks).

Running an ad campaign

Any broad advertising campaign needs to use the services of all the major pay-for-performance providers. This can raise its own management difficulties:

- each provider will have different editorial rules such as number of characters allowed in the title and description fields;

- some providers count plurals as different keywords, some don't;

- some providers permit characters with accents and some don't;

- providers can also exert control via their editorial review of your keyword relevancy;

- different providers power paid listings at the same site in different geographies (see table below).

Also, each provider uses different algorithms to automatically review ad copy, checking for repeated

Table 2: Distribution Partners of Paid-Placement Providers

Overture	Espotting	Google AdWords
		AOL US
AOL Europe		
Yahoo! US	Yahoo! Europe	
AltaVista UK	AltaVista, France, Spain, Italy	
	Lycos Europe	Lycos Canada
	Ask Jeeves UK	Ask Jeeves US
MSN UK		
Tiscali UK, France, Germany	Tiscali France	Earthlink US

words (which are banned by all providers), excessive use of capital letters and use of trademarked words and phrases.

Conclusion

'Google has huge brand potential and is seen as a synonym for search.' *Weekday Trader* 5 August 2003 [7].

In my first article for *BIR* I discussed how portal sites where seeking to control as many aspects of the information distribution chain by focusing on 'sticky' features such as news and other content. In the late nineties search was somewhat sidelined [8]. Now five years later, things have come full circle – the success of Google has not just spawned a lexicon of new words such as 'google bombing' and 'google whacking', it has made search the central element of Yahoo's and Microsoft's MSN strategies.

Over the last year, Yahoo has spent US $2 billion to compete more directly with Google. Microsoft, with deep pockets of US $49 billion reserves, has been working on building its own web search engine [9]. These strategies are being driven by the success of search engine marketing and its attendant growth in revenue for search providers.

The search industry has traditionally been marked by constant technological innovation but there are signs that the industry is maturing with the dominant players of Google, Yahoo and possibly Microsoft eclipsing much smaller players such as Ask Jeeves. Some companies have disappeared from the industry entirely whilst other, former, stars such as Lycos and AltaVista have withered away to shadows of their former selves.

But should this burgeoning commercialization concern information users who turn to search engines to identify appropriate information sources from the digital morass of the Web? No, not really. Search providers are acutely aware that search is the central service they provide to their millions of users – not other 'sticky' features. They are now focused on constantly refining and expanding the focus and range of their search indexes. Search adverts work because increasing numbers of people and companies alike are using the Internet to research and inform their purchasing decisions. This commercial role has paid

for improvements on core search technology – to the benefit of all.

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Appendix A: Paid listings provider profiles

Google and Yahoo (after its acquisition of Overture) are the dominant providers of paid search placement – on both their own sites and on other third-party sites that they have distribution deals with (e.g. portal sites such as MSN or major ISP sites such as AOL). However, Espotting has a strong foothold in Europe.

Google

Google first began offering advertisers positions on its site in January 2000 with its Google AdWords product. The company has offices in the US, UK, France, Germany, Italy, Japan and Canada. Google claims that its ad clients have an average click-through rate of 2% of all impressions – which is much higher than the rate for banner ads. The company does not offer 'paid inclusion' – i.e. charging an annual or click-through fee per URL – for inclusion in its editorial listings.

Google monitors companies acquiring rivals' brand names for their own campaigns, but will only actually remove the ads of a company sponsoring such key-words if the injured party files a complaint. The company also powers editorial search results at a large number of sites including Yahoo, AOL and the BBC. The privately owned company is estimated to have a 2003 turnover of between US $700 million and US $1 billion.

Overture

Founded in 1997 as GoTo, US based Overture Services pioneered search engine keyword sponsorship. In July 2003 Yahoo acquired the company for US $1.63 billion. Prior to its acquisition, the company had offices in the US, UK, Germany, Austria, Switzerland, France and Japan. Like Espotting, the company serves its clients' ads via a distribution network of search engines and major portals such as ISP sites. Unlike Google, it is not a destination site in its own right.

Espotting

Espotting Media is Europe's largest pay-for-perfor-mance search provider, and has operations in ten countries (UK, France, Germany, Spain, Italy, Sweden, Denmark, Norway, Ireland and Switzerland) servicing more than 16,000 advertisers across Europe. It won the award for 'Best Paid Placement Service' from influential industry site, SearchEngineWatch.com. It provides paid search results at Yahoo Europe, Lycos Europe, Euroseek, Ask Jeeves, Tiscali, BT LookSmart, Netscape and Kelkoo. Uniquely, Espotting displays company/sponsor logos next to all listings. On 18 June 2003, the company announced that it would merge with US-based Findwhat.com.

FindWhat.com

FindWhat.com was founded in 1998 and listed on the US NASDAQ the following year. The FindWhat.com Network includes hundreds of distribution partners, such as CNET's Search.com, Excite, WebCrawler, NBCi, MetaCrawler, Dogpile, Go2Net and Microsoft Internet Explorer Autosearch.

Appendix B: Useful web resources

Pandia Search Central (www.pandia.com)

Non-profit site specializing in Internet searching and search engine optimization. Features news, tutorials, free newsletters and more.

Search Engine Guide (www.searchengineguide.com)

Search engine portal featuring daily news updates, marketing tips, lists of search engines, reports and a free newsletter.

Search Engine Optimization Consultants (www.seoconsultants.com)

Searchable directory of search engine marketing professionals and consultancies. Can refine by country and/or language. Includes a *Resources page* of useful links.

Search Engine Watch (www.searchenginewatch.com)

Provides tips and information about searching the web, analysis of the search engine industry and help to site owners trying to improve their ability to be found in search engines. Free newsletters available. Search Engine Watch also sponsors periodic conferences throughout the world.

Search Engine World (www.searchengineworld.com)

Popular Web site which also publishes a quarterly electronic magazine. Special section on search engine spiders that discusses each of the major search engine spiders and indexing methods. Also includes a section on 'SEO Traps and Pitfalls' and a Search Engine Glossary.

SEO Today (www.seotoday.com)

Repository of articles on all aspects of search engine optimization including how-tos, strategies, reviews and conferences. Also includes links to a variety of vendors and related services.

Spider Hunter (www.spiderhunter.com)

Website dedicated to detecting and tracking search engine spider activity. A discussion area is available for members. (Membership is free.)