

Morningstar Multimedia
Search Engine Marketing Guide

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A Guide To Search Engine Marketing (SEM)

A few years ago, getting a high ranking in search engines was a fairly simple process requiring the inclusion of specific code elements into your html pages. Nowadays, it's far more complex. Today, obtaining high rankings in search results requires good web design, lots of relevant content, and frequent updates. However, marketers also have a second option - to bid on keywords relative to their core business and buy their way to a top position.

The purpose of this guide is to clear up some of the misconceptions about SEM and to bring you up to speed on current research and techniques employed.

Why should you care about SEM?

You might be asking, "Why should I care?" Because 85% of all internet users rely on search engines to find information on the web. And the top 10 search engines account for more than 90% of all search traffic. Americans conduct 790 million searches per week according to research from ComScore Media Metrix. In addition, 80% of all searchers won't click past the first page of search results. If your website isn't listed within those pages, it doesn't exist to your potential prospect.

That's where "search engine marketing" comes in. SEM is everything you do to increase your site's visibility in search engines and directories. This is accomplished through a combination of search engine optimization methodologies and paid advertising that focus on specific keywords that are relevant to your firm's services and are commonly used by your target audience to find similar services.

The goal is to make it very easy for people searching for services like yours to find you.

SEM also involves tracking how much of that traffic is resulting in an increase in leads and/or sales for your company. And just to give you an idea of how popular it has become, the worldwide market for search engine advertising is expected to grow to \$7 billion by 2007.

Why is SEM so hot right now?

SEM is extremely popular because it produces quality leads. The people that search for keywords self select those words and are specifically looking for more information about those topics. The lead is already highly targeted because the searcher has actively chosen to find out more about your firm and its services by clicking through to your site.

Also, marketers like the pricing model. They can calculate exactly how much they spend driving traffic to their website, their conversion rates, and how much profit they make. Everything can be tracked and measured in real time. If something isn't working, it can be tweaked or eliminated so more resources can be devoted to what's working.

There are two parts to SEM. The first involves getting people to visit your website, while the second involves converting visitors into leads/sales once they've clicked through to your website. This guide will focus mainly on the first and briefly touch upon the second.

Organic Search

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Understanding SEO and Submission

One of the best ways to get people to your website is to be found in search results of the top 4 search engines (Google, Yahoo, MSN, and AOL). The first step to achieving this is to announce to these search engines that your website exists. This is done through "search engine submission."

Search engine submission is the process of registering your site with search engines in hopes that they will recognize that your page exists and will include it somewhere in search results. Both Google and Yahoo offer free site submissions, though they don't guarantee they will index your website. AOL is powered by Google, so if you're in Google, you're in AOL. MSN is currently powered by Yahoo but they expect to have their own search index in place by the end of 2004. There are numerous other directories and search engines, but most traffic comes from these major search engines.

Simply submitting your site to search engines does not guarantee that it will appear for any particular term, so marketers try to improve the odds using "search engine optimization" (SEO). SEO refers to changing specific elements on your website so that it has a better chance of ranking higher for specific keywords based on the search engine's algorithm. This ensures your pages are accessible to the search engine bots that crawl the web and index pages (explained below).

Keep in mind that search engines are owned by third party vendors, and while there are a number of things you can do to improve your odds of a high ranking in search results for specific terms, no one can guarantee a #1

position on a particular search engine. The goal of most SEO campaigns is a top 10 listing.

SEO is not about sales. It's not about closing the deal or generating leads or getting a return on your investment. It's about getting visitors to your website through search engines. The odds are good that if you have a website, one day at least one search engine will find it and index it. By luck, you may even get a top ranking for a few search terms. SEO increases those odds by targeting a specific customer base through the use of keyword placement on search engines to promote specific pages of your site. SEO gives you a bit more control over which keywords you might be found under. After all, it means very little if you can be found under some obscure search term that no one ever searches for.

How Search Engines Work

Before going further, let's look at the types of search engines out there. There are 2 types of search engines: directories which are compiled by human editors and crawler-based search engines that crawl from link to link through the web.

Directories, like the Open Directory Project (ODP) and Yahoo! Directory depend on humans to submit and approve listings. You submit your website and a brief description, and an editor approves it.

Crawler-based search engines find your site through crawlers (aka spiders or bots) that forever crawl from one link to another. Some of the major ones are Googlebot, MSNbot, and Yahoo Slurp (formerly Inktomi Slurp).

These crawlers are automated programs that seek out new and newly updated pages to add to their index. To date, for instance, Googlebot has indexed about 4.3 billion pages. It also returns to each of those pages to re-spider them every so often. The search engine will then update its directory every couple of weeks to include the new and newly updated pages in its searchable content.

How does this relate to searching? Say you go to Google in hopes of finding an attorney who practices trademark law in Pennsylvania. If you were to try a generic query like "Attorney," you'd get about 30.7 million pages that include the term. Of course, most aren't relevant or helpful to your specific need, so you might try again with "Pennsylvania Attorney" or "Trademark Attorney" until you found a site that meets your needs. With a generic, one word query, the search engine doesn't understand what you're looking for, so it returns a large quantity of results. When you use several keywords in a search, the search engine can exclude results that it determines probably aren't what you are looking for to return a smaller number of more relevant sites.

How does this happen? Search engines use algorithms to determine how they rank a page. Those algorithms take into consideration things like the location and frequency of keywords on a web page. If the search keyword appears near the top of the page, such as in the page title or first paragraph of text, search engines assume it is relevant to the page. How frequent the keyword appears in the content is also important.

Search engines also use external factors to determine a page's relevance. The major consideration is how many pages link to your website. The search engine can then analyze what your page is about and whether other similar sites believe it to be important. Search engines can also measure click-throughs, so if a site shows up in search results, but no one ever clicks on it, it will eventually drop the site's rank.

SEO: What Search Engines Want

A few years ago, strong keywords and well designed meta tags were enough to get you a high position in search engines.

Unfortunately, this is not the case anymore. Sites that are most popular with search engines have lots of relevant content and are frequently updated. And chances are that if you do have lots of relevant content, other webmasters will think your site is a great resource and link to it helping you out with the external link component to high rankings.

Here are some of the key page components and how they really affect search engine rank.

Meta Tags

Meta tags are descriptive tags within html code that act as a summary of what content the spider can expect to find on the page. Several years ago, they were the heart and soul of SEO, but today, no major search engine uses them to determine page relevance or rank in search results. Meta tags can even have a negative effect on your ranking in some search engines if you use too many and the search engine perceives them as spam. They are, however, useful for giving webmasters limited control over how their pages are

described in search results.

Title Tags

Title tags are far more important than meta tags. The title tag displays the text that shows up on the blue strip at the top of your web browser and is one of the most important factors in how a search engine decides to rank your page. It is also how all major crawlers will name your page in search results.

Body Content

As mentioned above, search engines are looking for the location and frequency of keywords within your page. Therefore, it is critical to include keywords in your content. Of course, you should always write for your readers, but you can and should sprinkle in keywords whenever appropriate. Frequently adding and updating new content is also a must!

Frames, Flash, and Dynamic Content

Crawlers have become more sophisticated over the years, though they still dislike pages built with frames or Macromedia Flash. If you have a page built in Flash, you should consider an html alternative that includes all your content. You should also eliminate all frames. In the past, search engines have had problems handling dynamically generated (or database driven) content such as product catalogs, though they have gotten better with them. However, if you have a lot of products with complicated URLs, optimization of each page will require additional workarounds.

A List of Taboo SEO Practices

Because of the importance of getting a high

ranking in search engines, a number of cheats have emerged. Here are a few common methods that some marketers use to get higher ranking in search engines. We do not approve of or support these practices but believe you should be aware of all options available. Many see SEO as an exercise in risk management - if you are competing for highly sought after words and have achieved a great ranking, these are ways to protect that ranking from copycat competitors. However, you should note that most search engines frown upon these practices and if you are caught, your site can be banned from search results.

Link Farms

If you've ever received an email offering to submit your site to thousands of directories and search engines for a small fee, chances are you are being solicited by a link farm. Link farming is the process of exchanging reciprocal links with other websites, even ones that have nothing to do with your site's content, in hopes of achieving a higher rank in search engines. Link farms started because most search engines use external search factors like how many other websites link to yours to determine your page rank. In theory, the more sites that link to yours, the more popular search engines will think your site is. Not surprisingly, Google and other search engines caught on quickly and have started banning sites that participate in link farms.

Cloaking

Cloaking is the process of delivering one version of a page to a user and a different version of that page to a search engine. The purpose of cloaking in SEO is to deliver a highly optimized page to spiders while

humans get a normal page. The argument against cloaking is that it is unethical - in essence you are lying about the content of your website to get a better rank: one that your page doesn't deserve. On the flip side, those that practice cloaking techniques argue that cloaked pages provide relevant, optimized pages to search engines. Visitors coming from search engines do receive relevant content - but the pages are written for them, not optimized for search engines. Others see cloaking as a way to protect your marketing investment - you've spent a lot of time and money optimizing your website. Why make it public for others to steal the content? Regardless of your views, just about all search engines view cloaking as negative and have issued warnings that if they catch you, they may penalize or even ban your site from search results.

Doorway Pages

Doorway pages are simplistic pages with few graphics and lots of text designed solely to achieve a high ranking in search engines. Often their text consists of a repeated string of keywords and phrases or pseudo-text with keywords and phrases inserted throughout. Once a visitor clicks on the doorway page, it then redirects them further into the website.

Hidden Text/Links

Hidden text is a long block of keywords that are the same color as your page background. Similarly, hidden links are 1 pixel gifs linked to other pages. Both were designed to trick search engines into thinking you had more relevant content or links and to give you a higher page ranking. To detect this practice, crawlers can now match the text color with

the background color. Nearly all major search engines publicly denounce hidden text and cite it as grounds for removal.

Other Common Questions About SEM **How Do I Know Whether My Site Needs To Be Optimized?**

If you search for popular keywords in your industry and your site doesn't show up on the first 1-2 pages of search results in major search engines (Google, Yahoo, MSN, AOL, etc), then your site could use some help.

How Long Does It Take To Achieve Results?

Site optimization is not an instantaneous process, so you can expect to see consistent results in 1-3 months or longer. It depends on the search engine. For instance, if ODP accepts your site submission, it can take 2 weeks to several months to be listed on partner sites. Pay Per Click advertising can take anywhere from a couple of minutes to several days depending on the advertiser's editorial policy. However, once it's approved, your site immediately shows up in search results.

Why Do I Need To Maintain My Site?

If you don't actively maintain your site, there is a good chance all your top rankings will eventually drop. There are a number of reasons why: search engine ranking algorithms change, increased competition for the top spot, new pages are indexed, and occasionally search engines clean out their indexes all together. For example, Google recently began experimenting with its algorithms and many marketers saw their sites drop significantly in rankings overnight. Maintaining

your coveted position takes constant monitoring and planning. Your site is now the site to beat for every one of your competitors, so to stay ahead of everyone else, you'll need to continue to add additional, optimized content, acquiring new links, and find other ways to keep ahead of everyone else.

I Get Emails All The Time From Companies Who Guarantee a #1 Ranking on Google or Will Submit My Site to 5000 Search Engines for \$10. Are They Legitimate?

Like all those 'requests for help' or 'business opportunities' from wealthy widows of deceased dictators, you should also be skeptical about any spam that claims a guaranteed #1 ranking on a particular search engine. Even Google states under its "Search Engine Optimizers" section of its website "No one can guarantee a #1 ranking on Google."

While firms often ask SEM firms for some kind of guarantee for the money they pay, the reality is that search engine algorithms change frequently and are managed by search engines, themselves, not the marketers, who have no say in how or when changes might occur. Realistically, no one can promise that a #1 ranked site today will have the same rank after the next update. Achieving and sustaining top positions is an ongoing battle of successes and failures, and SEM can only follow "best practice" techniques. Most SEM firms use quality traffic, lead generation, or conversion rate as proof of success rather than site ranking.

However, you may get emails from companies that promise money-back guarantees, so here

are two things to look for when evaluating whether the company is legitimate.

- 1) The guarantee is for non-competitive phrases. Anyone can get a site ranked for a keyword/phrase that no one is bidding on or has no competition. The key to SEO is to get your site ranked high for specific, highly targeted, and relevant keywords/phrases that will drive qualified traffic to your website.
- 2) The company offering the guarantee is a fraud. There are a number of companies out there that are scams. If they require you to pay upfront or download their software or link back to them, be very cautious about doing business with them.

Additionally, there are thousands of link submission pages, directories, guestbooks, weblog entries, and others, but almost 100% of all searches are performed through the top 10 search engines. Those are the places you should be focusing. Besides, merely submitting your site to a search engine has little to do with whether you receive a top ranking. Many free for all link pages will tell you that by signing up with them, you will be linked to thousands of pages, boosting your ranking. This is simply not true. Major search engines actually ban these types of link farms, and by participating, you're more likely to get your site banned as well.

Paid Search

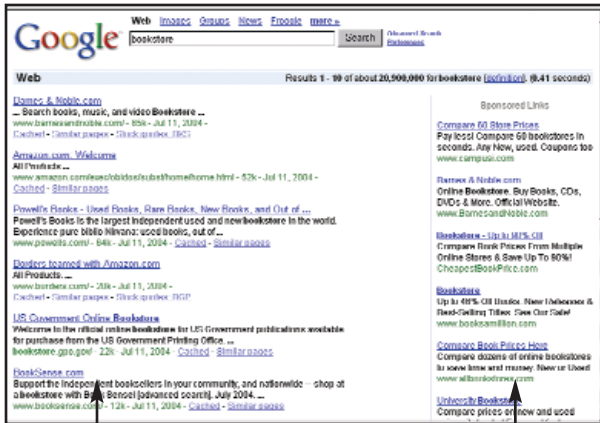
Understanding Paid Inclusion

While it is still possible to achieve great results for free through SEO, marketers now have the option of paying to get their site included in a particular directory. For instance, Yahoo charges an annual fee of \$299 to have a human editor review your website and list it in their directory. There are also a number of industry specific directories that charge a monthly or annual fee to include your website. These paid inclusion directories speed up the process of publicizing your website and can even influence major crawler-based search engines to list your site more quickly or boost your page rank.

Understanding Paid Placement (or Pay Per Click/PPC)

If you want your website to be listed in major search engines immediately, you can set up a PPC campaign to give you greater control over how searchers find your site, what keywords they search for, and which page they land on when they enter your website.

To use an example, in a normal search, you might search for "bookstore" in Google and get the following result:



Organic Results

Sponsored Listings

You'll notice there are two sets of results - those that show up in the free (aka "organic") search listings ("Barnes & Noble," "Amazon," "Powell's Books") on the left and the "Sponsored Links" (CampusL.com, Barnes & Noble, CheapestBookPrice.com) on the right.

The links found under the "Sponsored Links" header have bid a specific amount of money on the search term "bookstore" to be guaranteed placement in the search results along the right side. If you then click on the "CampusL.com" ad, the company will be charged the amount they bid for your click-through. Average click-throughs are usually between \$.50-\$2.00 for popular terms, though through click-through price depends on the popularity of the search term and how much you are willing to spend.

There are a couple of interesting things here. First, those sites that show up in the organic results have very little ability to affect how their site is displayed. Google chooses the page from your site it calculates as most relevant to the query and pulls some relevant content from the page - the site's title and some text including the search query terms - to be displayed. If you had searched for a more specific term like "religious bookstore," you might find the results Google provides lead you deep into the website rather than the site's main entrance page.

By contrast, sites that appear under the "Sponsored Listings" section have complete control over the ad's title, description, and even which page it links to within the website. Marketers can link directly to relevant content and revise the landing page to improve

conversion rates (or the number of people that take the action they want them to take - such as buy a product, download a guide, or subscribe to a newsletter - as a proportion of everyone that clicks on the ad).

Two Main PPC Advertisers: Google Adwords and Overture

Every major search engine includes some type of Paid Placement advertising that appears prominently at the top of search results. Most of these listings are either delivered through Google Adwords or Overture.

Overture works by allowing advertisers to "bid" on specific keywords they choose that are relevant to their website. Advertisers agree to pay a specific amount of money each time someone clicks on that listing. For instance, say you wanted to bid on the term "bookstore." Currently, Barnes & Noble has the top bid and agrees to pay \$.42 for each click through to their website. If you wanted your site to be in the #1 position, you'd have to bid \$.43 per click. Barnes & Noble might then decide to outbid you at \$.44 per click to regain their #1 position and bump you to #2.

Overture was bought by Yahoo in 2003 and has a number of partnerships with search engines including Yahoo, MSN, CNN, and Excite to display its search listings. It claims that if you are one of the top 3 bidders for any keyword, your listing will be displayed to 80% of active internet searchers, while those with bids ranked #4 and below reach 40%. Setting up an account requires a minimum \$50 deposit and you must spend at least \$20/month.

Google also sells paid listings through its Adwords campaign in a similar manner to Overture. You can set up an Adwords account within 5 minutes and have your website listed on the right side of search results for specific keywords. There is a \$5 activation fee, and you can then set a monthly budget depending on average bids for your keywords.

PPC Campaign

Choosing Keywords/Phrases

Keywords/phrases are the backbone of your SEM campaign. If you pick keywords that are too generic or irrelevant to your services, you'll find yourself paying a lot of money for no results. Fortunately, you can monitor your keywords fairly easily and can quickly delete those that aren't performing or are bringing unqualified traffic.

If you have any type of trademarks or branded products or services, start with those terms. Once you've exhausted the possibilities of all combinations of your branded terms, your next step will be to create a generic list of popular search terms. The goal here is to choose key phrases (2-3 words in length) that aren't too general (ie "travel") but not too specific that no one is searching for them.

The best way to pick keywords is by picking the overall theme of your website and then picking a couple of subthemes. You want to put yourself in your prospect's head and think about how he might search for your services. Think in terms of features, benefits, and solutions. What do you offer and how to prospects and clients perceive your solutions to their problems? You should brainstorm as many keywords/phrases as possible without worrying about creating too long a list. Then go back and substitute synonyms for common words in your list (a thesaurus can be extremely helpful here). Also consider misspellings, hyphenations, and other variations.

Your competitors' sites can also give you ideas. For instance, you can browse through their website to see if any of the words they

use describe your business or you can view their source code to see what keywords they use in their meta tags.

Once you've completed your list, you can use a free popularity check tool such as Overture's Search Term Suggestion Tool (available in their Advertiser Center) or Google AdWords Keyword Suggestion (available when you set up your account) to verify that people are actually looking for your keywords.

Overture's tool will actually show you how many people searched for that keyword within the last month. You can also use a third party tool like Good Keywords (goodkeywords.com) or WordTracker (wordtracker.com).

Your ideal keywords will have enough traffic to meet your needs, but not so much competition to start a bidding war. For instance, "real estate" is too generic a keyword to bid on. You'd want to focus on more localized, specific terms that bring in prospects looking for real estate in your area.

Writing Compelling Ads

Writing a compelling ad for a PPC campaign is often a case of trial and error. There are guidelines you can follow, but in general, it is better to try several variations of an ad and monitor which gets the best click through rates. You'll be surprised by how very minor tweaks can significantly alter your click through rates.

The best types of ads are clear about what benefits the searcher will receive if he clicks on the ad. You only have a few words to get your message across, so be as clear and

concise as possible. Make sure your ad appeals to your target audience, highlight a benefit or incentive, make a very specific call to action, and make sure you use your keywords in the ad title. You should also stay away from excessive capitalization, superlatives (ie "we're #1" or "we're the best"), and exclamation points.

Running The Campaign

Most likely, only a few of your keywords/phrases and your ads will turn out to be big performers. The rest will generate low click volumes and may potentially be disabled by Google. Still, you have nothing to lose by constantly testing more keywords and ads, and through trial and error, you'll eventually figure out which work the best and pull the highest click volumes.

The other thing you're likely to realize is that when you start bidding on keywords, your more common keywords/phrases have higher bids - the average bid for more popular terms these days is around \$.50-\$1.00 per click, though it can be much higher. If you're creative (or lucky) enough to find some less common keywords, you can generate traffic for as little as \$.10 per click. Still, depending on search volume, you'll probably want to set a daily or monthly budget that you don't want to exceed.

Creating Effective Landing Pages

No matter how wonderful your ads are, if users click to your website and can't find the information they are looking for, they will click away. A good landing page greets search visitors and provides them with relevant content specific to the search term they

used. Unlike your home page, which has many different goals, landing pages should respond only to the search term or link. This allows visitors to get immediate access to the content they are looking for with no navigation required.

A recent study by Onestat.com found that almost 75% of all visitors who click onto a website leave after viewing at most 3 pages. Good landing pages are simple and highly targeted. They don't contain non-essential items and have persuasive copy emphasizing the benefits of your product or service and clearly explaining what the next step in the buying process is. The landing page has to be focused on the user and meeting the user's goals. If it's not, you're just wasting your money.

Monitoring Click-Throughs and Conversions

There are a number of ways to track how many click-throughs you are getting vs. how much you are paying. With a few bits of code at the end of your url, you can add tracking to any url and monitor where your most qualified traffic is coming from. The best measures of success go beyond how many people clicked your ad to monitor which visitors took the action you asked them to take. Your firm should decide upfront what qualifies as a successful conversion - from joining your newsletter to downloading a white paper to filling out a contact form.

Additionally, you should measure how many qualified leads you get from each of your various methods of SEM to determine what is working the best - SEO and organic search

results, paid inclusion, or your PPC campaigns. The results will tell you where you should focus your advertising dollars.

Similarly, you should also monitor your position in PPC campaigns on a weekly basis. While a #1 ranking ultimately drives more traffic to your website, you'll pay more per click. You should balance rank vs. cost per click to get the best return.

What Does Being #1 Mean to Your Business?

A recent study by Atlas DMT recently asked "What does being number one in search really mean to your business?" The results show that overall, you can expect 10 times more traffic in the #1 spot than in #10. The study also found that "the drop in traffic is consistent with each drop in rank."

It concludes "Traffic drops significantly by rank. This needs to be taken into account in weighing the profitability of keywords, and begs the question: have you aligned your search marketing strategy with your customer acquisition goals? In other words, while your sales may be costing you 10% less by maintaining 3rd rank, you could be losing nearly one-half of the customer acquisitions possible in 1st rank."

How did they calculate this? They based their experiment on two key factors:

- 1) **impressions** - how many times your ad is served for a given keyword or phrase
- 2) **click-through rate (CTR)** - the number of times people clicked on your ad divided by the total number of impressions

(clicks/impressions)

The number of impressions your ad will receive is based on the number of times the keyword you are bidding on is searched for and the position of your ad in the rankings for that keyword. You can change how many impressions you get by bidding more money for your search term. Bidding more increases your rank, and thus increases your exposure.

Your click-through rate is based on a number of factors including your ad's title and description, how relative it is to the searcher, and your industry. You can increase your CTR by experimenting with your ad copy. Interestingly, the study found that while these factors do play a part in CTR, the drop in CTR by rank was observed consistently in the data, independent of these factors.

The study also found significant differences in the number of impressions served by Google and Overture. In Overture, there is a 23% drop in click potential from the #1 to #2 position, while in Google, it's a whopping 40%.

Example

The charts below will help you calculate how well you'll do in Overture vs. Google for a specific CTR and rank. Let's say you are bidding for a #1 position in Overture and you have an average CTR of 1.5%. Research indicates 500 searches per month for your keyword. Therefore, you can assume $.015 \times 1000 = 15$ clicks per month. If you were in the #3 position, you could assume $15 \times .588$ (58.8%) = about 9 clicks. For Google, using the same numbers, you'd assume $15 \times .475$ (47.5%) = about 7 clicks for the #3 position.

Google AdWords			
Rank ⁴	Relative Impressions	Relative CTR	Click Potential
1	100.0%	100.0%	100.0%
2	77.2%	77.4%	59.8%
3	71.3%	66.6%	47.5%
4	67.9%	57.4%	39.0%
5	65.8%	52.9%	34.8%
6	62.3%	50.2%	31.3%
7	60.6%	39.7%	24.0%
8	58.3%	34.3%	20.0%
9	58.6%	26.0%	15.3%
10	52.6%	26.3%	13.9%

Overture			
Rank ⁴	Relative Impressions	Relative CTR	Click Potential
1	100.0%	100.0%	100.0%
2	97.2%	80.0%	77.7%
3	94.5%	62.2%	58.8%
4	91.2%	45.9%	41.8%
5	86.2%	35.0%	30.2%
6	74.3%	32.3%	24.0%
7	67.7%	26.6%	18.0%
8	59.5%	23.6%	14.1%
9	42.9%	21.0%	9.0%
10	36.8%	21.1%	7.8%

Average rounded rank was used to classify the samples. Therefore, a sample taken at a given rank could include impressions at other ranks, 1st rank is benchmark. Source Atlas DMT, July 2004.

Keep in mind that these numbers are averages and while they can be an extremely useful guideline when you plan a paid placement campaign, the numbers will probably vary somewhat for your own campaign.

There is also much discussion in the SEM community over the 40% drop in click potential from a #1 to #2 position in Adwords. Many search engine marketers are skeptical, and from their own experience, have found the number to be closer to Overture's 23%. We expect future studies to be published soon to address why such a large gap might exist.

SEM and Brand Awareness

A study done by the Interactive Advertising Bureau (IAB) Search Engine Effectiveness Committee and Nielsen/NetRatings found conclusive evidence that being listed in the top position of search results does affect public perception. According to the study,

"Sponsored text advertising in the search environment works for an array of branding objectives. Sponsored text ads, much like the standard image based ad, had their biggest impact on "unaided brand awareness," especially where a brand held the top position on search results pages. On average, when respondents were asked to name a specific leading brand within a tested industry, they were 27% more likely to name the brand displayed in the top spot compared to a control group not exposed to the ad. For the articles pages (pages containing contextually targeted text advertising), the text ad caused a 23% lift among respondents that saw the ads.

The research findings, as analyzed by Nielsen/NetRatings, reported that there is a significant difference on core brand metrics movement depending on the placement of the text ad. Ads appearing in the top position on a search engine increased an aggregate of all the

brand metrics by an average of 14% across the six industries, in stark comparison to results from ads in the fifth position, which only showed a minor directional lift on brand measures. Search articles pages generated an aggregate lift of all brand metrics by 15%."

Pay Per Click vs. SEO

To get the best results for your money, a SEM campaign that includes both SEO and PPC is best. If your campaign focuses solely around PPC, you may be missing out on quite a bit of free traffic. However, if you aren't using PPC, you might be missing some of the most targeted traffic. The best marketing mix balances the two methodologies to achieve the highest return.

In favor of SEO, recent studies show that people are more likely to click on the organic results than the sponsored listings and find that the top 2 organic listings usually receive over 50% more clicks on a search page than all others. By contrast, the average sponsored listing has a click-through rate of about 1-2%, so for every 100 times the ad is displayed, only 1-2 people will click through to your website.

Why is this happening? Studies are finding that many consumers distrust paid listings. A recent Forrester study found that 37% of North American consumers wouldn't use a search engine with paid listings. Of course, all major search engines accept paid listings, so they don't have much choice, but will consumers become more used to ads and continue to click or will they start to ignore them like banner ads? Search engines are legally required to prominently display which

ads are "sponsored listings" and keep them separate from the organic results, so it will be interesting to see how consumers continue to respond.

Finally, competition can drive bid prices up for PPC keywords. For instance, Overture reported that its average cost per click rose from \$.24 in 2002 to \$.37 in 2003. With PPC, there is always a happy medium between cost per click and site ranking in search engines. You don't always have to be the #1 rank for a particular keyword, so you should weigh traffic vs. cost accordingly.

That being said, there are still a large number of people that do click on paid ads, so if you ignore PPC in favor of SEO, you will miss a large portion of potential prospects.

SEM Strategy

Planning a SEM strategy

There are two outcomes for any search: either they find you, or they find your competitors. And if your site isn't listed in the top search results, you won't be found. However, it's not quite that simple.

Successful SEM campaigns have two phases. The first involves getting users to your website by focusing on a series of targeted keywords and phrases that are relevant to your firm's service. The second involves converting browsers into buyers once they click through to your page on your page.

Think about how you perform a web search on Google or Yahoo. You probably type in 2-3 terms, hit submit, and then scan the results. If you see a description that might give you the information you want, you click through to the website. Once at that website, you give the page a brief scan, searching for relevant information. If the page's content is irrelevant to your needs, you click back to your search results to continue your quest for information, forgetting that last page you viewed.

If, on the other hand, you find what you were looking for, you might spend some time browsing the website, particularly if something else captures your attention. If you find the website useful, you might download a free guide, subscribe to a newsletter, or purchase something. And if you have an immediate need, you may actually contact the company directly about their services.

For professional services firms, most people that visit your website won't have an immediate need for your services. Therefore, your

one of your prime objectives will be to capture their information so you can keep in touch with them on a consistent basis. To do that requires picking the right keywords, aligning them with the right content that matches the user's specific search criteria, and persuading them to take some action, such as subscribing to your newsletter or contact you for more information.

"Targeted" Traffic Is Not Equal To Sales

The way most online advertisers brand it, as long as targeted traffic is coming to your website, visitors will magically convert into sales. Unfortunately, that's more of a pipe dream than reality. "Sales" requires that you have a sound marketing strategy in place. You must have persuasive content on your website explaining how your service can help them and that you are the ideal partner for them. You must then have a database set up to capture leads who haven't made the decision to buy from you but agree to receive periodic information.

When thinking about SEM strategy, everything revolves around the visitor and his goals. Meta tags and other page code are not a marketing strategy. Your visitors don't care about how great your html code is. They only care about themselves and finding the answer to their problem. If you can't solve it or give it a new perspective, you've wasted their time.

Put another way, "targeted" traffic does not mean sales. Remember - anyone can put up a website. And there are numerous other firms out there like yours that have similar websites, offer similar services, have better credentials,

and lower prices. Not only that, but most people don't need what you have to offer at the present time.

When a searcher searches for something, he finds himself with a list of 10 or so results, which look like they are sorted at random. If he's never heard of any of the companies listed, they don't mean much. Compare that to, if he is referred to a site through a resource he trusts - a popular magazine site, an industry specific site, or a colleague's email referral. If a trusted source refers him, the site automatically has credibility in his mind.

Therefore, your site must be designed in a way that earns your visitor's trust. It will only do that if you anticipate the questions your target audience will be looking for and address their concerns to their satisfaction. Anything less, and they will find another source of information. If you don't have this part of the equation in place, driving traffic to your website is a waste of money.

Understanding Search Behavior

While there hasn't been much research on how searchers use search engines to complete their goals, SEM firm, Enquiro, recently conducted a focus group to explore the process. The firm found that different people use search features differently. For instance, women tend to scan all organic results and read titles and descriptions more carefully than men, while younger males tend to do a quick scan of the top 3-4 listings and make their choice in about 8-9 seconds.

In addition, the study found that people read the search results page differently. Searchers tend to divide the page into sections - the sponsored listings, the organic search above the page fold, the organic search results below the page fold, and other stuff. Many searchers actually skip the sponsored listings, and most searchers view the above the fold organic search results as top listings that get looked at. Still, 16.6% of participants say they check out sponsored listings regardless of if they find results in the organic search, and an additional 50% say they do if they don't find relevant content in the organic search results.

When it comes to actually conducting searches, most searchers try multiple queries and interact with upwards of 20 sites during their inquiry. Often the results they find take them in a new direction from their original inquiry. Over 70% of participants start with generic key phrases and narrow their findings based on search results. They do so for one of three reasons: because they don't want to exclude potential quality sites by being too exclusive from the start, because typing in general inquiries may lead them in new directions they hadn't thought of, or because it's easier to judge the relevancy of the original findings compared to more specific inquiries. Searchers tend to move towards more specific key phrases as they continue their searching, but the phrases they use tend to be influenced by the initial findings from generic searches.

The study also found 4 different categories of searchers:

- 1) **Scan and clickers** - younger males who quickly scanned the top 3-4 organic listings and the sponsored listings and made their choice in about 9 seconds. If they didn't find anything relevant above the page fold, they tried another search.
- 2) **2 Step Scanners** - older males that generally scanned the results to see if anything "jumped out." They tended to ignore the sponsored listings and if they didn't see anything, they read titles and descriptions more thoroughly and included results below the page fold.
- 3) **Deliberate Researchers** - a mixture of males and females who read through all the organic titles and descriptions in the search results before making a decision. They spent more time considering the options and usually skip over sponsored listings.
- 4) **1,2,3 Searchers** - predominantly females who read titles and descriptions carefully, but rather than reading all the results and making a choice, they start with the first listing and continue through the search results sequentially until they find a relevant one to click. They also tended to skip over sponsored listings.

The Sales Process

Enquiro also found that searchers like to remain anonymous as they conduct their research. They rarely start the purchasing process until they've narrowed down their

options and know what they want, and during the research process, they are hesitant to give out their contact information, fearing a sales pitch. They prefer to contact the vendor when they are ready.

Also, not surprisingly, if given the option, browsers prefer to get information for free and remain anonymous than to receive information through some type of registration form and reveal their contact information. This poses quite a challenge to marketers who are actively trying to acquire contact information to nurture leads. Companies are challenged with providing relative, valuable information that their target audience perceives as so useful, they are willing to give up their anonymity for it.

Interestingly, the study also found that users are more likely to use a search engine during the research phase of the buying process than the purchasing phase.

While the Enquiro admits that this was a focus group to be used as a starting point for further research, the results are particularly interesting for marketers hoping to understand how prospects find their site, where they are in their buying stage, and what types of information they might be looking for. While the study was product (rather than services) focused, the main things that attracted users' attention in the search engine listings were the exact query in the title and description and product information. When the searcher clicked through to the website, they expected to see the query keywords, pictures of the products, features and prices, a clean professional layout and clear navigation.

Popular Search Engines

Finally, you probably won't be surprised to learn that most experienced searchers have their favorite search engines - and Google happens to rank extremely well. A recent Standard & Poor's/InsightExpress poll found that 48% of those surveyed use Google as their primary search engine.

In another poll by Vividence Corporation, 89% of respondents reported a "strongly positive" experience from using Google, 68% with Yahoo! And other search engines such as Ask Jeeves, Lycos and MSN with 40-50% of respondents.

Again, this is more evidence that being in the right place at the right time is critical to your SEM success. If you've achieved great rankings on Yahoo but your target audience is all searching Google, you aren't going to get as much traffic as you had hoped.

What Does All This Mean?

SEM is a lot like other forms of marketing. It's not the end all, be all panacea that will effortlessly generate sales. In fact, it's quite a bit of work, and it involves continual experimentation and revisions to get people to click on your ads (part 1) and once they get to your website, convincing them to take some action (part 2). Without a marketing strategy that focuses on your target audience's buying behavior, SEM can waste a lot of money.

On the other hand, if you have a marketing strategy in place and have spent time converting your website into a lead capturing and nurturing system, SEM can be a highly effective method of acquiring new clients.

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About Morningstar

Morningstar Multimedia LLC is a marketing communications firm established in 2000 by Krista Baker and James Balaguer in Philadelphia, PA. We specialize in strategic marketing analysis and planning for professional service firms. We also create the marketing tactics such as identity, print, and web design to put that plan into action.

How May We Help You?

Wherever you are with your marketing efforts, Morningstar Multimedia provides a clear, results-driven path that can take your firm to a new level of growth. For a free, no-obligations consultation of how we can help you solve your firm's toughest marketing challenges, contact us today at (215) 546-7940 or by email at info@morningstarmultimedia.com.



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