



The Case for Pay-Per-Click Advertising

Media Marketers
January 2010

REVOLUTION

mediamarketers.com

WEB DEVELOPMENT

GRAPHIC DESIGN

VIDEO & 3D ANIMATION

SIGNS

SEO MARKETING

1. Millions and Millions Search.

In August 2007, there were "206 million searchers and 16 billion searches" in North America.

- "61 Billion Searches Conducted Worldwide in August" study conducted by comScore pub Oct 2007
{<http://www.comscore.com/press/release.asp?press=1802>}

Worldwide Search by Region August 2007 Total World Age 15+, Home and Work Locations* Source: comScore qSearch 2.0			
Total Internet – By Region	Unique Searchers (000)	Searches (MM)	Searches Per Searcher
<i>Worldwide</i>	754,459	61,036	80.9
Asia-Pacific	257,952	20,295	78.7
Europe	209,678	17,846	85.1
North America	206,278	15,976	77.4
Latin America	49,995	4,784	95.7
Middle East - Africa	30,556	2,134	69.8

**Excludes traffic from public computers such as Internet cafes or access from mobile phones or PDAs.*

2. Searchers Are Buyers.

“The results show 25 percent of searchers purchased an item directly related to their query.”

- *“Searchers Behavior: On- and Offline Purchase Stats”* article by Kevin Lee pub March 26, 2006 on The ClickZ Network (<http://www.clickz.com/showPage.html?page=3593696>)
Note: Article reviews findings of a Google sponsored comScore study conducted in 2005.

Buyer Conversion for Select Product Categories, November 1-December 31, 2005 (%)			
Category Searched	Buyer Conversion	Buyers Converting Offline	Buyers Converting Online
Average, all categories	25	63	37
Apparel and accessories	43	65	35
Toys and hobbies	42	88	12
Music, movies, and videos	28	83	17
Consumer electronics	18	84	16
Video games and consoles	17	93	7
Jewelry and watches	15	75	25

Source: comScore Networks, 2006

3. Buyers Decide Purchases Based on Search Engine Results.

"...the research indicates that buyers do considerable advance planning and research before completing their transactions."

- *"Search Before the Purchase" study of online U.S. buyers conducted by comScore as commissioned by Double Click in Feb 2005*
{http://emea.doubleclick.com/UK/downloads/pdfs/searchpurchase_0502.pdf}
Note: Study of online U.S. customers to 30 online stores within Apparel, Computer Hardware, Sports/Fitness and Travel.
Note: Further details available from Double Click's Performics upon request.

"...one out of every two online purchases is preceded by research on a search engine."

- *"Search Before the Purchase" conducted by comScore as commissioned by Double Click in Feb 2005*
{http://emea.doubleclick.com/UK/downloads/pdfs/searchpurchase_0502.pdf}
Note: Study of online U.S. customers to 30 e-commerce sites within Apparel, Computer Hardware, Sports/Fitness and Travel.
Note: Further details available from Double Click's Performics upon request.

62% of consumers reported using a search engine "to research products that you bought online or offline during the 2005 holiday season"

- *"iProspect Post-Holiday Online Shopping Study" by iProspect, Jupiter Research and Ipsos-Insight conducted Jan 2006 published February 2006*
{http://www.iprospect.com/premiumPDFs/WhitePaper_2006_Post-Holiday_Online_Shopping_Study.pdf}
Note: Survey of 1,731 randomly selected online U.S. consumers. Weighted for demographic and behavior characteristics.

4. Searchers Only See Top Results.

"The first three pages of search results now appear to be the 'last frontier' past which very few search engine users journey – with a full 92% of search engine users typically clicking a result within the first 3 pages in 2008."

- *"iProspect Blended Search Results Study" by iProspect, et al. Dec 07-Jan 08*
{http://www.iprospect.com/premiumPDFs/researchstudy_apr2008_blendedsearchresults.pdf}
Note: Surveyed 2218 U.S. search engine users. Margin of error is 3%

5. Number One Ranking Boosts Branding & Purchase Intent.

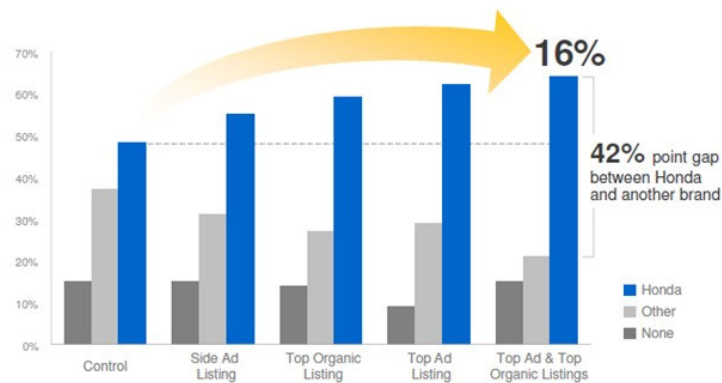
In this Honda case-study, first place paid and organic ranking increased brand affinity by 16%, brand recall by 42% and purchase intent by 8%.

"However, other automaker brands absent from the page suffered a significant decrease in purchase intent - 16%."

- "Top Spots in Search and Paid Listings Prove Key for Branding" pub. Dec 10, '07 by MarketingCharts
(<http://www.marketingcharts.com/interactive/top-spots-in-search-and-paid-listings-prove-key-for-branding-2675/>)
Note: Article reviews study sponsored by Google and conducted by eye-tracking firm Enquiro Search Solutions, Inc.

A 16% Point Increase in Brand Association When Brand Is in Top Ad and Top Organic Listings

When you think of fuel-efficient cars, which come to mind?
Query: Unbranded (i.e., "fuel efficient cars")



Source: Enquiro Search Solutions, Inc., July 2007; Note: There is a significant (7% point) increase from Control to Side Sponsored, as well.

6. Search Engine Marketing Reaps Real Results.

3 of 10 online stores report receiving over half
of their sales from Search Engine Marketing.

- *"The Search Is On" written by Mark Brohan pub. April 2007 by Internet Retailer*
{<http://www.internetretailer.com/article.asp?id=21902>} Note: The Internet Retailer Survey recieved responses from 245 online retailers.
Note: Both Search Engine Optimization (SEO) and Pay-Per-Click (PPC)
advertising fall within the category of Search Engine Marketing (SEM).

Search engine marketing

Searching for sales

What percent of your online sales is attributable to search engine marketing?

	All respondents	Store-based merchant	Catalog	Virtual merchant	Consumer brand manufacturer
A. Less than 2%	7.3%	13.2%	3.0%	5.8%	10.0%
B. 2.1% to 6%	7.3%	3.4%	6.1%	6.5%	25.0%
C. 6.1% to 8%	3.7%	5.7%	6.1%	2.9%	0.0%
D. 8.1% to 10%	5.3%	3.8%	3.0%	5.0%	15.0%
E. 10.1% to 15%	14.7%	13.2%	36.4%	10.8%	10.0%
F. 15.1% to 20%	4.9%	5.7%	6.1%	4.3%	5.0%
G. 20.1% to 30%	9.0%	9.4%	12.1%	8.6%	5.0%
H. 30.1% to 40%	9.8%	17.0%	9.1%	8.6%	0.0%
I. 40.1% to 50%	7.8%	5.7%	9.1%	7.2%	15.0%
J. More than 50%	30.2%	22.9%	9.1%	40.5%	15.0%

What is your primary business?

A. Store-based merchant	56.7%
B. Catalog	21.6%
C. Virtual merchant	13.5%
D. Consumer brand manufacturer	8.2%

Which type of search engine marketing do you use the most?

A. More paid than natural	39.2%
B. More natural than paid	34.7%
C. Both equally	26.1%

Which performs better in terms of conversion rates: pay-per-click or natural search engine optimization?

A. Pay-per-click	37.3%
B. Natural search engine optimization	46.1%
C. Both perform equally well	16.6%

What percent of your online sales is attributable to search engine marketing?

A. Less than 2%	7.3%
B. 2.1% to 6%	7.3%
C. 6.1% to 8%	3.7%
D. 8.1% to 10%	5.3%
E. 10.1% to 15%	14.7%
F. 15.1% to 20%	4.9%
G. 20.1% to 30%	9.0%
H. 30.1% to 40%	9.8%
I. 40.1% to 50%	7.8%
J. More than 50%	30.2%

PLEASE SEE THE BREAKOUT

What percent of shoppers who come to your site through your pay-per-click program make a purchase?

A. 0% to 1%	16.6%
B. 1.1% to 2%	18.3%
C. 2.1% to 4%	19.5%
D. 4.1% to 6%	10.0%
E. 6.1% to 8%	5.8%
F. 8.1% to 10%	6.2%
G. 10.1% to 15%	2.5%
H. More than 15%	7.8%
I. Don't know	13.3%

What percent of search engine shoppers who come to your site through natural search make a purchase?

A. 0% to 1%	12.3%
B. 1.1% to 2%	14.8%
C. 2.1% to 4%	17.3%
D. 4.1% to 6%	6.6%
E. 6.1% to 8%	8.6%
F. 8.1% to 10%	2.5%
G. 10.1% to 15%	7.4%
H. More than 15%	10.7%
I. Don't know	19.8%

How much do you spend in a typical month on all kinds of search engine marketing (pay-per-click and optimization)?

A. Less than \$1,000	30.6%
B. \$1,001 to \$2,000	7.4%
C. \$2,001 to \$4,000	9.9%

How large is your pay-per-click keyword inventory?

A. Less than 50 words	25.1%
B. 51 words to 100 words	11.5%
C. 101 words to 200 words	8.5%
D. 201 words to 250 words	6.4%
E. 251 words to 500 words	3.4%
F. 501 words to 750 words	8.5%
G. 751 words to 1,000 words	3.0%
H. 1,001 words to 5,000 words	12.8%
I. 5,001 words to 10,000 words	6.0%
J. More than 10,000 words	14.9%

Do you manage your search engine marketing program in-house?

A. Yes	75.4%
B. No	24.6%

Do you plan to outsource your search engine marketing program?

A. No	66.5%
B. Yes, within six months	10.6%
C. Yes, in more than six months	7.0%
D. Don't know	15.7%

Which search engine produces the best web sales results?

A. Google	76.9%
B. Yahoo	13.6%
C. MSN	4.5%
D. AOL	2.1%
E. LookSmart	1.7%
F. Other	1.2%

Do you market on specialized search engines?

A. Yes	77.4%
B. No	22.6%

Which of the following programs or strategies are you using to enhance your natural search engine optimization? (Check all that apply)

A. Rewriting keyword descriptions on the home and product pages	80.9%
B. Including the actual phrases commonly used by searchers on product pages	67.9%
C. Including common product keywords in the image file names and in image display captions	58.1%
D. Designing customized landing pages and creating exclusive merchandising sections	41.5%
E. Enhancing site navigation	61.8%
F. Increasing the use of header tags in content on the home page and product pages	60.6%
G. Better use of web analytics	53.7%
H. Other	13.0%

Which of the following alternative marketing programs or strategies are you using to drive more search traffic to your e-commerce site? (Check all that apply)

A. Links from more affiliate, industry and third-party sites	63.0%
B. Creating more syndicated content such as press releases and "how to" articles for search engine distribution	36.2%

7. Marketers Increase Investment in Pay-Per-Click Advertising.

"Advertisers spent over \$8.6 billion on search in 2007.
That figure is expected to nearly double by 2011 to almost \$16.6 billion."

- "Search Marketing Still Dominates Online Advertising"
Press Release Pub by eMarketer on January 29, 2008
<http://www.emarketer.com/Article.aspx?id=1005890>

US Online Advertising Spending, by Format, 2006-2011 (millions)

	2006	2007	2008	2009	2010	2011
Search	\$6,799	\$8,624	\$11,000	\$12,935	\$14,906	\$16,590
Display ads	\$3,685	\$4,687	\$5,913	\$6,663	\$7,500	\$8,190
Classified	\$3,059	\$3,638	\$4,675	\$5,493	\$6,281	\$6,930
Rich media/video	\$1,192	\$1,755	\$2,613	\$3,575	\$4,463	\$5,481
Lead generation*	\$1,310	\$1,733	\$2,269	\$2,795	\$3,281	\$3,675
E-Mail	\$338	\$428	\$481	\$553	\$600	\$630
Sponsorships	\$496	\$535	\$550	\$488	\$469	\$504
Total	\$16,879	\$21,400	\$27,500	\$32,500	\$37,500	\$42,000

*Note: eMarketer benchmarks its US online advertising spending projections against the Interactive Advertising Bureau (IAB)/PricewaterhouseCoopers (PwC) data, for which the last full year measured was 2006; online ad data includes categories as defined by IAB/PwC benchmark—display ads (such as banners), search ads (including paid listings, contextual text links and paid inclusion), rich media (including video), classified ads, sponsorships, referrals (lead generation) and e-mail (embedded ads only); excludes mobile ad spending; *also called referrals
Source: eMarketer, October 2007*

088301

www.eMarketer.com