
RANK OR RELINQUISH: 2007 UPDATE

HOW SEARCH ENGINES IMPACT YOUR BOTTOM LINE & COMPETITIVE ADVANTAGE

For too long, many large corporations have ignored the role of Internet search in their marketing plans. A 2005 study¹ revealed that only 13 percent of Fortune 100 companies optimize their web sites for search engines. New data, advancements in measurement solutions and the seeming ever-presence of search engine news in the media, however, is capturing the attention of corporate leadership. Search has gained respect for its low-cost, high ROI impact on the bottom line and for transforming the game of corporate competition.

Search by the Numbers

Since we first published "Rank or Relinquish" in 2005, approximately 80 percent of all web traffic now begins at a search engine², an estimated increase of 30 percent over the last two years.³ Industry researcher comScore, noted that following a 28 percent increase from 2005 to 2006, Google has increased its dominance. A January 2007 report by Hitwise shows that Google has captured 63 percent of all US searches, with Yahoo in second place with 21 percent, and MSN and Ask.com trail approximately 10 percent and 4 percent, respectively. (In 2006, the search engine Ask Jeeves dropped its butler, "Jeeves," and now strictly goes by the name, Ask.com.)

It's interesting to note that currently, nearly 41 percent of web surfers use search for navigation, typing a company name or URL into their search bar instead of into their browser's address bar.⁵ Since our initial report, the gender gap has also shifted. Google searches by women have increased, perhaps showing that the increase in female Google search activity accounts for the notable market share jump. For the major search engines, the male/female percent breakdown is as follows: Google, 53M/47F; Yahoo, 50M/50F; MSN, 47M/53F; Ask.com, 45M/55F; AOL, 41M/59F.⁶ Historically, Google has attracted the most visitors with household incomes greater than \$100,000. Google truly does continue to be that 800 pound gorilla.

Types of Search Marketing

There are two primary forms of search marketing: "organic" and "paid." Organic, or "natural" search, refers to the results generated by search engine algorithms from their vast databases of web pages, e.g. the left-hand side of Google. Natural search results are free. The process of affecting a site's natural search engine results is called "search engine optimization" or SEO. SEO involves implementing keyword-driven changes to a web site to remove hindrances to search engine "spiders" that crawl the site. The impact of SEO takes time (up to nine months) and is not a certainty.

Paid search are advertisements, and therefore can promise guaranteed search engine visibility. Paid search's benefits also include: Controlled ad messaging; Controlled destination of the search engine visitor; Full tracking capabilities; Geographical control over ad distribution; Full budgetary control. Given these controls, it's no wonder paid search advertising has experienced double-digit growth each year with industry analysts estimating overall search spending between \$6 - \$7 billion this year, nearly doubling to \$10 or \$11 billion in 2010.³ The percentage of advertisers' search spending has increased 39 percent in the last year alone, the fastest of any online media method.⁶ More and more, advertisers are diverting budget dollars from traditional print and broadcast spending to online marketing, leading with search marketing.

Assessing Search Marketing Methodologies

Despite the astounding paid search statistics and figures, we cannot ignore that up to 85 percent of searchers say they tend to ignore the paid listings⁷, so relying solely on paid search engine listings can have dramatically negative consequences. This same research also indicates a one percent decline in advertisers' spending for pay-per-click (PPC) ads in 2007⁷. One reason can be attributed to click fraud concerns: 49 percent of advertisers have reduced or plan to reduce their PPC spending because of click fraud, up from 37 percent in Spring 2006.⁶ (Click fraud is the practice of generating clicks on ads or links to an advertiser's website in order to boost per-click expense paid by the advertiser to the search engine and in consequence, increase the revenue to the third party organizations who generated the fraudulent clicks.)

Conversely, increasing a web site's natural search engine rankings through SEO has a direct positive impact on the site's traffic and ultimately the company's sales. Studies have shown that second or third page rankings can increase web site traffic by up to nine times. Top 10 rankings can mean an additional six-fold increase in traffic, with a ten-fold difference in traffic for rankings between the 1st and 10th position.⁹ The correlating impact on sales is also astronomical: 42 percent more sales within the first month of Top 10 listings and nearly 100 percent more the second month.¹⁰ And, whereas paid search is an ever-accruing expense, SEO costs can be amortized over time.

Search can also impact a company's competitive advantage. Many companies realize too late that their competition in a search engine may be completely different than their real world competition, and it's all a matter of who ranks higher. A relatively obscure company could see pronounced growth from top rankings while an industry leader, with a search engine unfriendly web site, doesn't even appear. Similarly, if a real world competitor appears in organic search and you do not, that competitor is certainly deriving a lion's share more business from the Internet. SEO can be used to offset negative search engine listings, i.e. listings for negative press coverage, lawsuits and resolved bankruptcies. Finally, a combined SEO and paid search strategy can also be used to brand and dominate for critical keywords.

Altogether ignoring search marketing can be detrimental to a company. Protect your brand, your competitive edge, and increase your bottom line assets by improving your search visibility.

¹ Oneupweb, May 2005

² Harris Interactive, June 2005 & Jan. 2007

³ eMarketer & Jupiter Research, 2006 & 2007

⁴ comScore Media Metrix, Aug. 2005, 2006 and Hitwise, Sept. 2006

⁵ DoubleClick, 2006

⁶ Hitwise, Sept. 2006

⁷ Outsell, 2007

⁸ Marketing Sherpa, May 2005

⁹ Atlas Institute, 2004

¹⁰ Wired, February 2005