

Search Marketing Metrics for Online Retailers: What's working in SEO and PPC

Teleseminar presented by:
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 1ShoppingCart.com

 *Practical Know-How & Case Studies*
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Search Marketing Metrics: Overview

- In July 2004, MarketingSherpa conducted a survey of 3,007 direct response marketers and Eretailers.

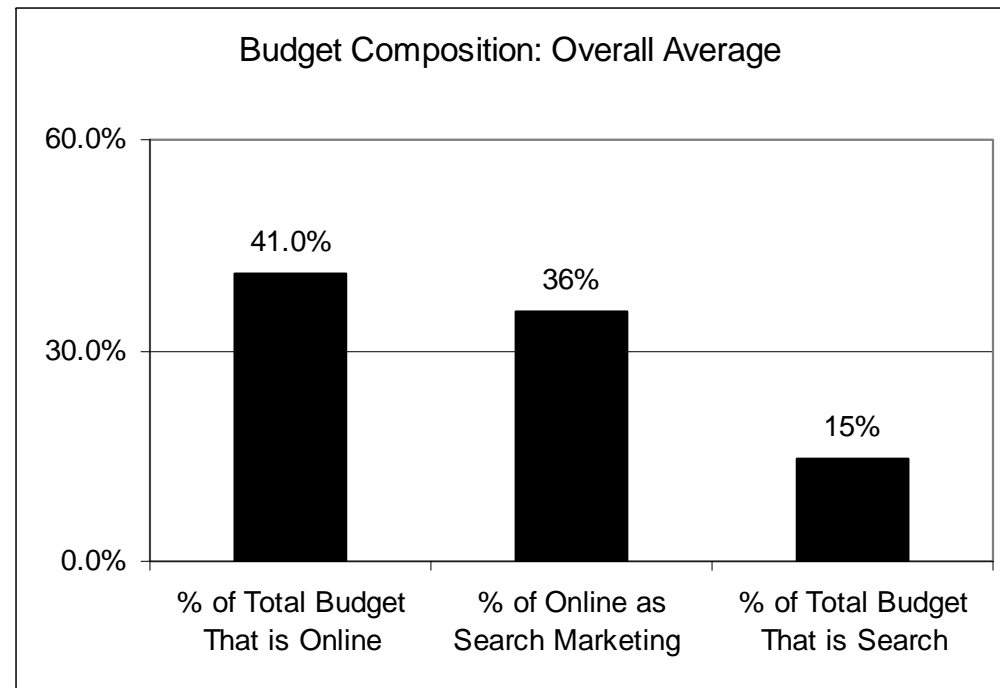
Questions focused on:

- Search engine marketing methods used
 - Click and conversion rates
 - Cost per click
 - Results by product price
 - Marketing budget allocation
- Over 30 other research studies were combined with MarketingSherpa survey data to create:
“Search Marketing Metrics Guide: 169 Useful Charts on SEO & PPC”
 - Following presentation is a very broad overview of the Guide

Marketing Budget Allocated to Search Marketing

- **Search marketing now comprises more than 1/3 of a marketer's online budget (includes SEO & PPC)**
 - 15% of the total budget is dedicated to search
 - Allocation will grow as marketers become more educated and more search options become available

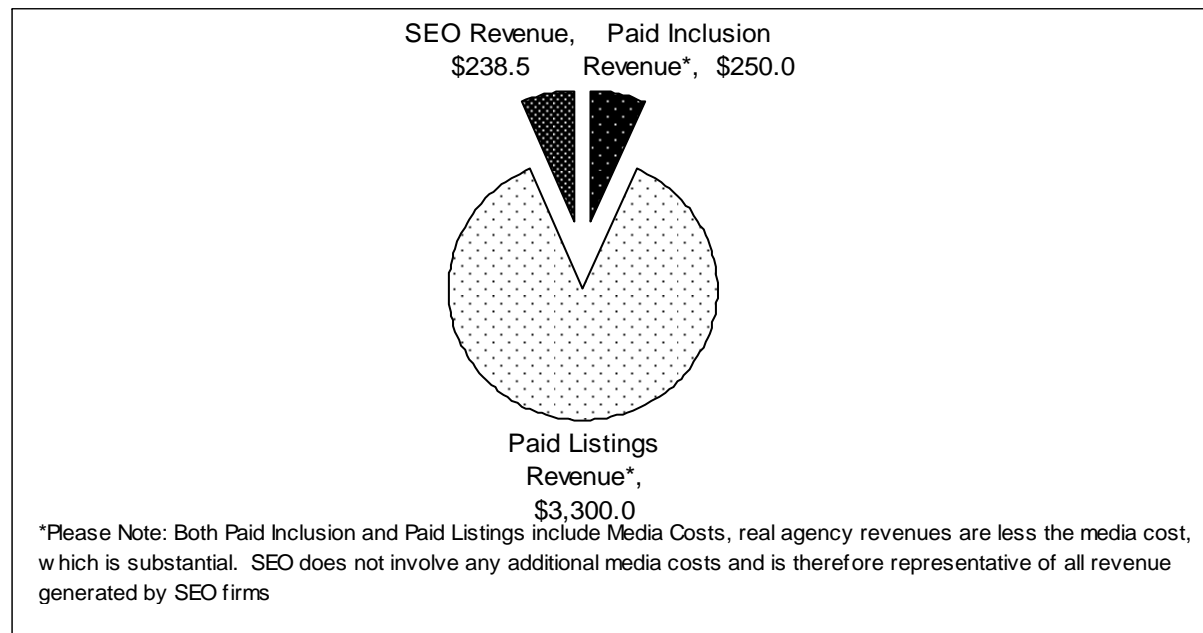
Marketers Using Search Online & Search Budget Composition



Paid Search Marketing – Market Share

- Paid Search constitutes more than 87% of US search market revenues
 - Easier to measure the results of paid search than SEO
 - Search engines are trying to make paid search ads easy to place and measure, while making SEO harder

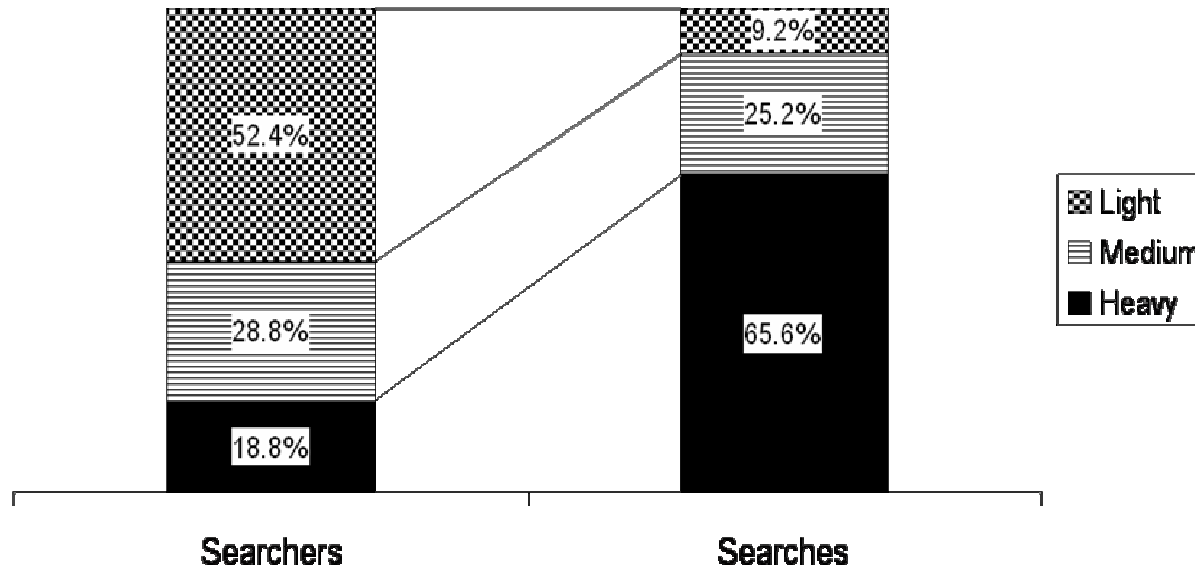
Breakdown of US Search Market Revenues



Who Does Paid Search Marketing Reach?

- **The 80/20 rule applies (roughly) to search: 20% of searchers perform 66% of the searches**
 - Do not rely on search engines for brand awareness
 - Heavy searchers use search engines daily, often throughout the day. Consider testing dayparting (running ads by day and time of week)

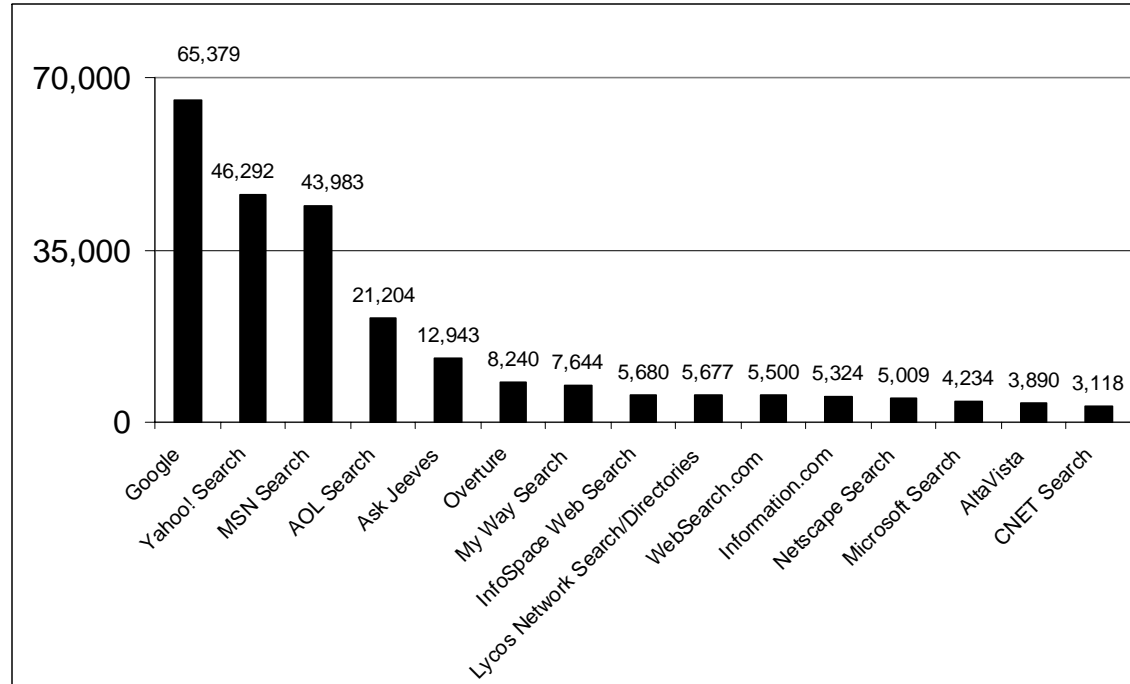
Diagram: Search Usage Composition — Heavy vs. Light Users



Search Engine Market Share

- **Google and Yahoo!/Overture have a combined share of only 49%**
 - If you confine your efforts on 1-2 search engines, you will miss many search users
 - Test copy & offers by search engine – SE demographics and usage patterns differ

Chart: Top 15 Search Engines — Unique Audience (000), April 2004

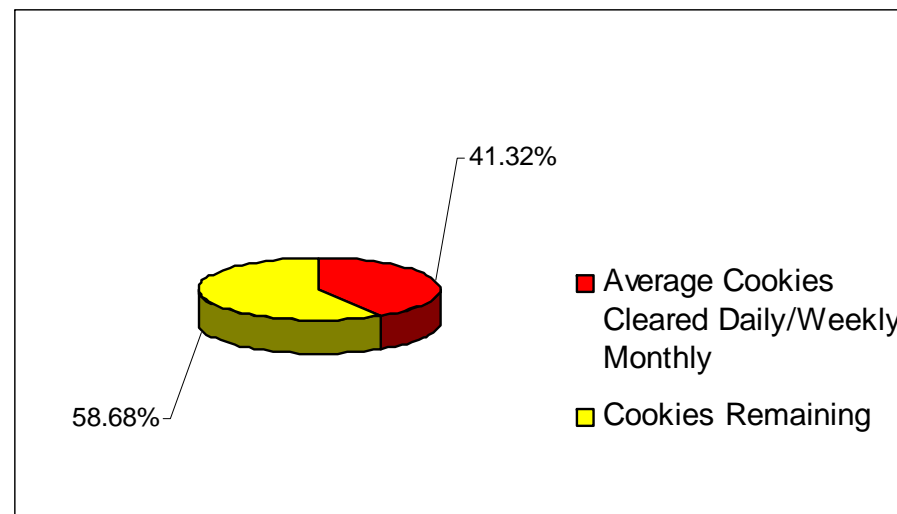


Source: Nielsen//NetRatings, 04/2004

How Accurate are Your Search Marketing Statistics?

- More than 41% of consumers cleared cookies from their computer on a regular basis (at least monthly)
 - 40% of consumers clear their computers *at least once a week*
 - Recognize that your search marketing metrics may not be tracking the value of many post-click visits and sales

Table: Consumers' Cookie-Wiping Habits

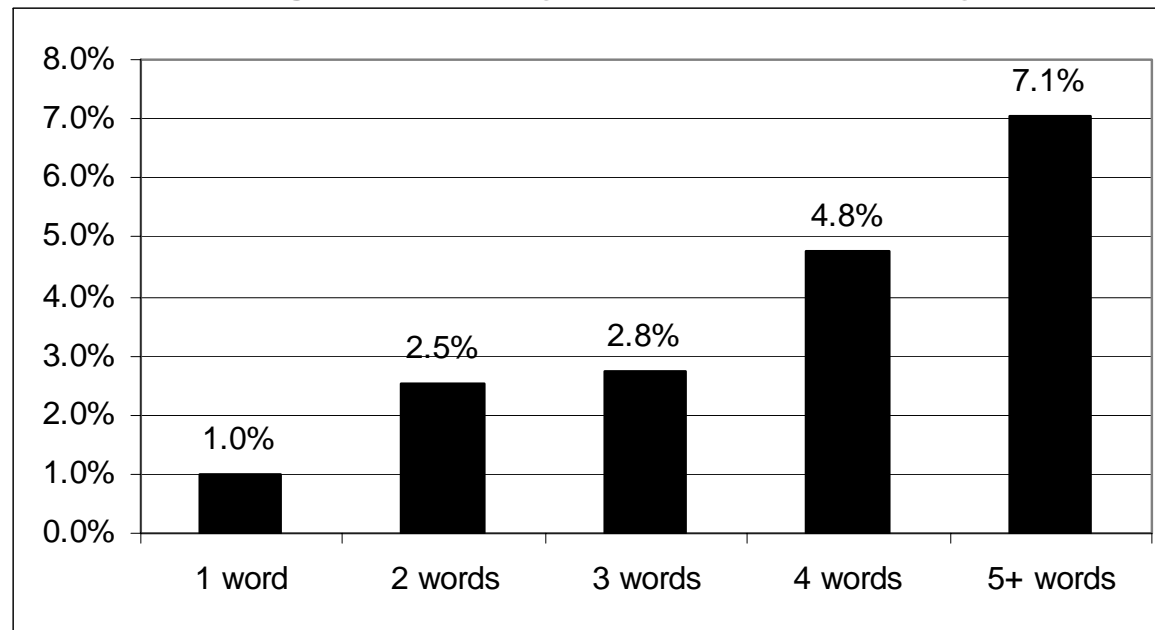


Source: Belden Associates, April 2004

Tip #1: Multiple Keywords Work

- Higher # of keywords in a search term= higher clickthrough rate
 - Higher # of keywords also means there are fewer ads completing with your ad
 - Good strategy if your primary keywords are very generic or very expensive

Clickthrough Rate by Number of Keywords

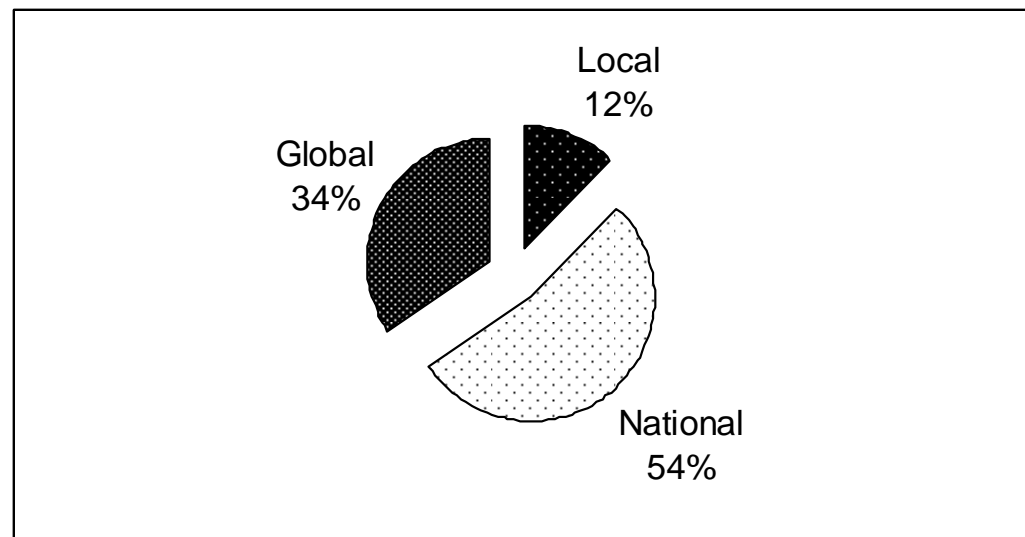


Source: Find Me Faster, Going Deeper with Paid Search, 05/2004

Tip #2: Use Local Paid Search for National Products

- More geographic targeting options are now available, but are underutilized
 - Most paid search is national/global
 - Test by geography. Consider running local ads for nationally-delivered products
 - When computing ROI, factor in geo-related costs such as international shipping

Breakdown of Geographic Targeting Among Search Advertisers

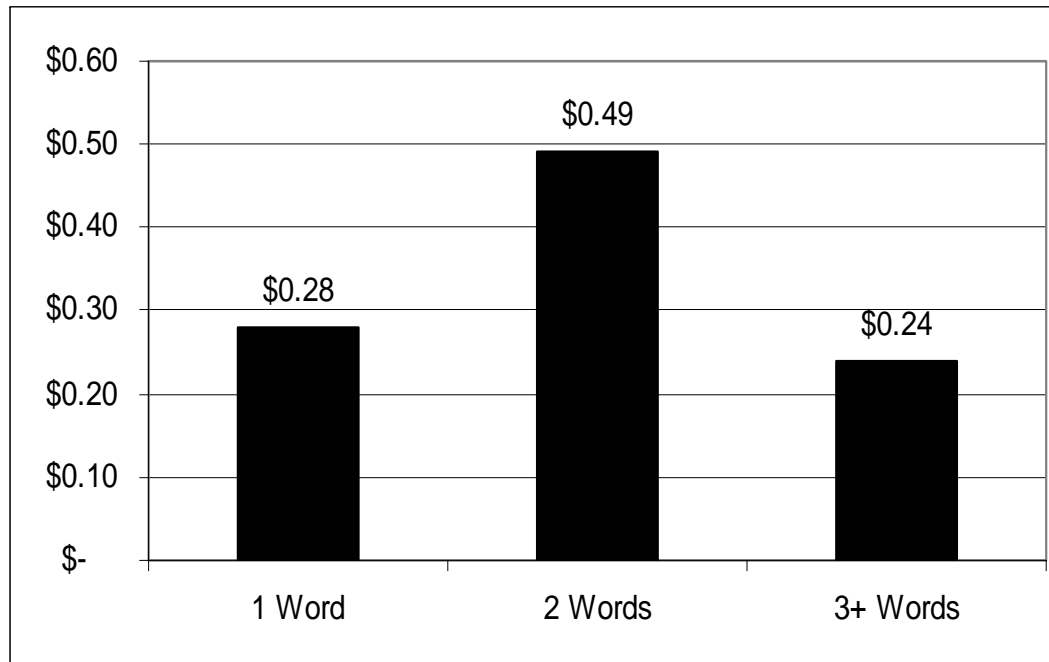


Source: MarketingSherpa, Search Marketing Metrics Survey, 7/2004

Tip #3: 2-Word Search Terms are Most Expensive

- For maximum profitability, focus on 3+ keywords
 - 1-word keywords are not as expensive, but they don't convert as well as multi-word search terms

General Cost Per Click by Number of Keywords

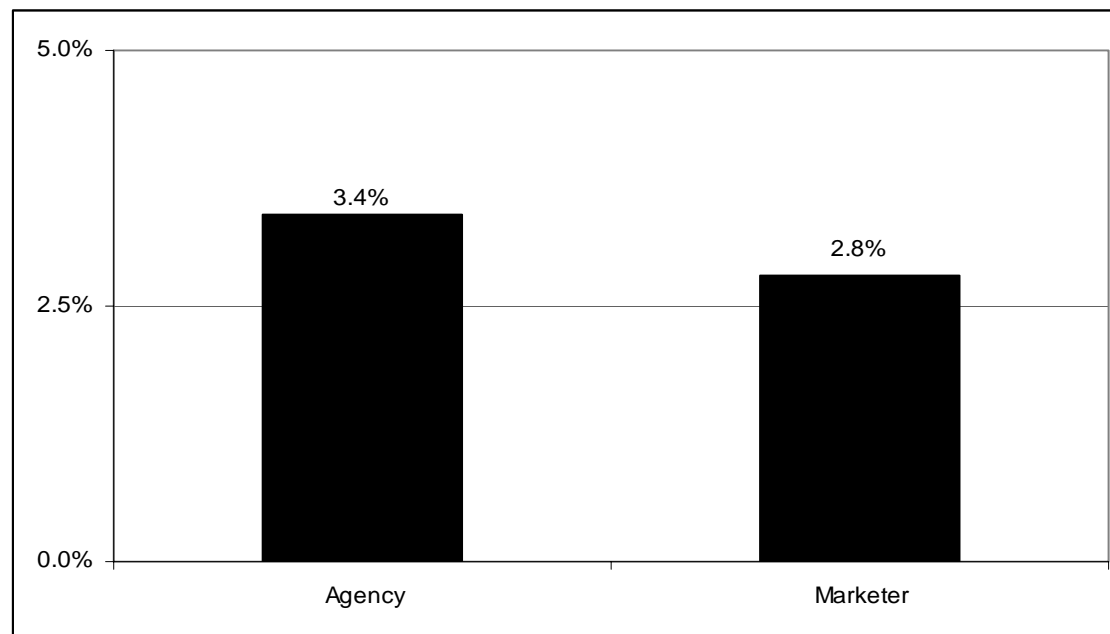


Source: Find Me Faster, Going Deeper with Paid Search, 05/2004

Tip #4: Expertise and Measurement Matter

- **Agencies may achieve higher rates due to greater experience, better measurement systems, and constant monitoring and tweaking**
 - Investments in these areas will pay-off in terms of superior response

Agency vs. Marketer: Average Click Through Rates (CTR)

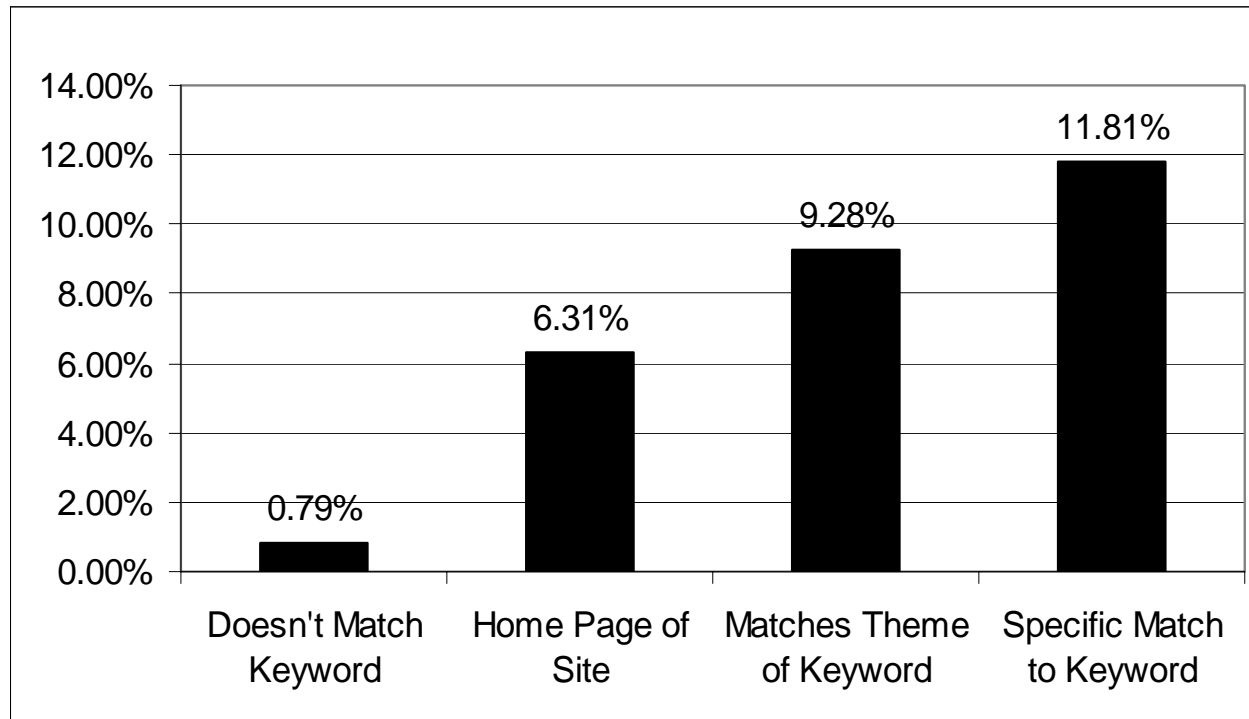


Source: MarketingSherpa, Search Marketing Metrics Survey, 07/2004

Tip #5 – Match Landing Page Copy to Keyword

- **Putting your keyword(s) into your headline can have a major payoff**
 - There's a cost to the labor required to match landing page copy to keywords. Consider using this strategy with your highest volume of clicks and/or most expensive terms

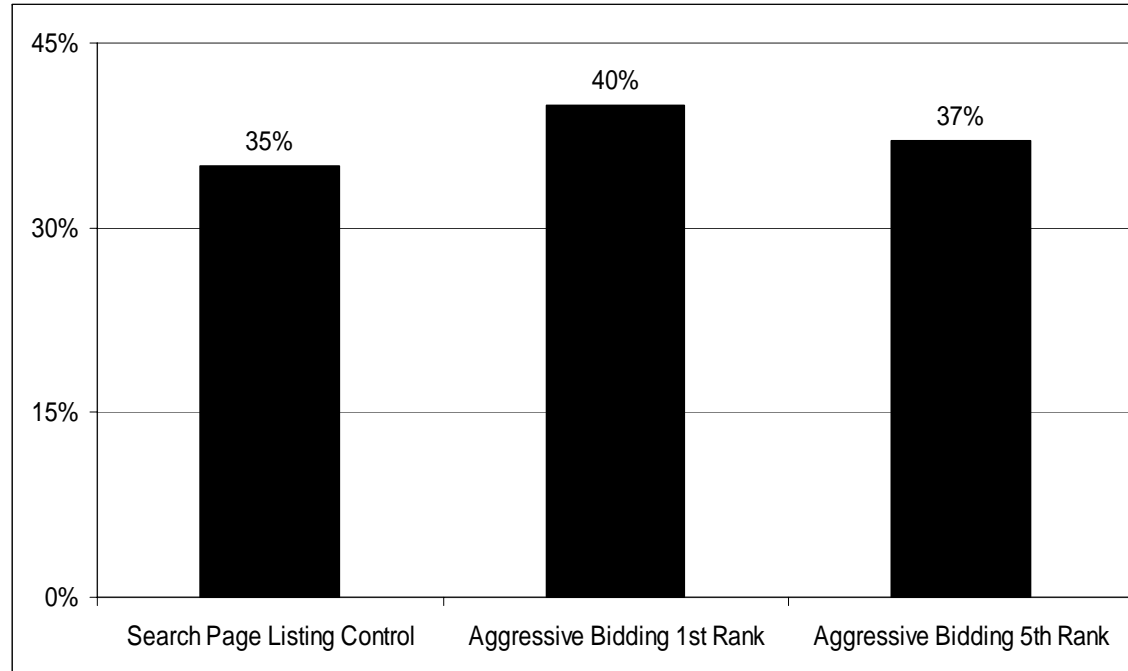
Free Registration Conversion Rates — Landing Page Tweaks



How Does Search Marketing Affect Your Brand?

- **Paid Search can increase brand awareness by as much as 40%**
 - Brand impact is achieved without incurring additional click cost
 - Paid search can support the effectiveness of other marketing efforts

Paid Search Impact on Overall Branding

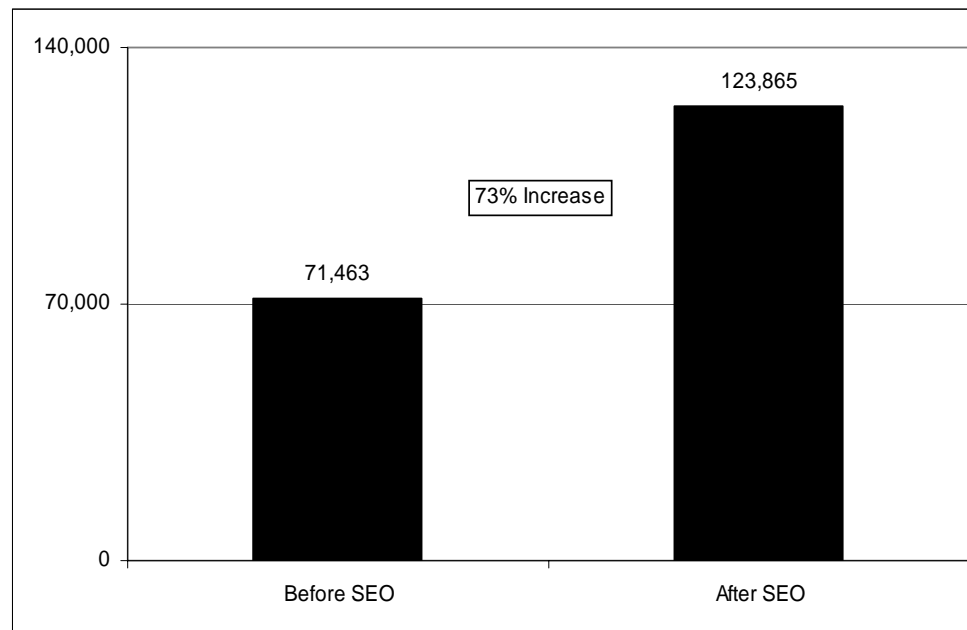


Source: Interactive Advertising Bureau (IAB), Nielsen//NetRatings, Internet Search Brand Effectiveness Research, 7/04

The Amazing ROI of SEO

- **Site traffic goes up over 73% in six months after SEO is performed**
 - Use this information to justify investment in professional SEO assistance
 - Pay careful attention to your conversion offer, it's critical to the ROI of SEO
 - Statistics are based on non-unique web site traffic

Pre- and Post- Search Engine Optimization

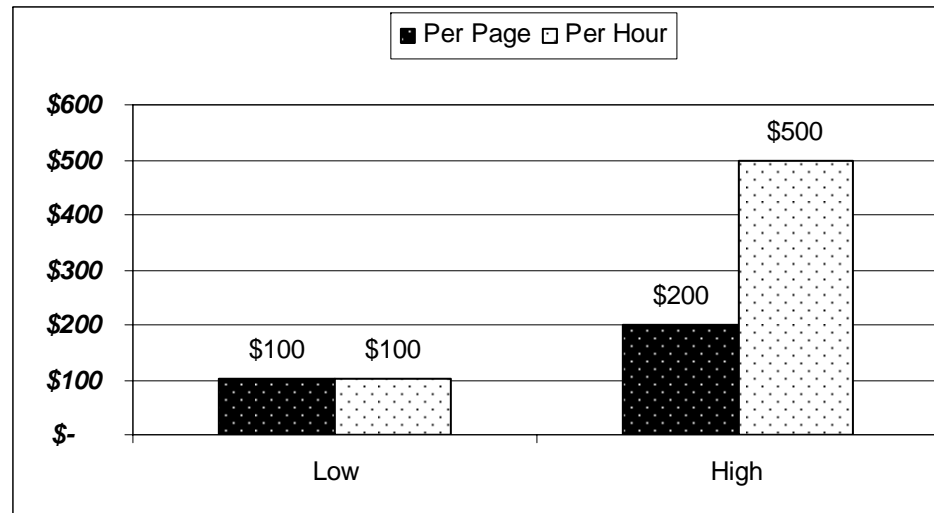


Source: MarketingSherpa, Search Marketing Metrics Survey, 7/04

SEO Costs

- **Budget SEO as an ongoing monthly web marketing investment**
 - Use true SEO specialists for maximum results
 - Factors such as web site size, frequency of update and search term goals will affect your final SEO investment

Search Engine Optimization Costs — Simplified View

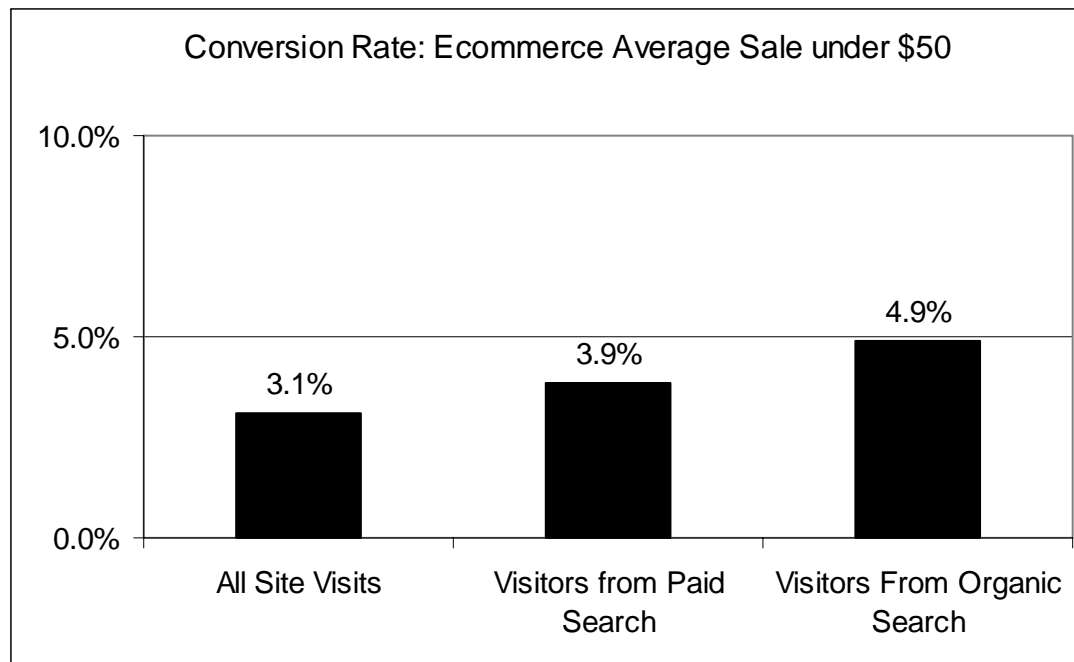


Source: MarketingSherpa, Buyer's Guide to SEO Firms-3rd Edition, 10/03

Ecommerce Sales – Low Ticket Items

- **Conversions from search engine results are 25%+ higher than paid search ad conversions**
 - A consumer may not be willing to click around much for low-priced items
 - Consider a “deep” link to the right landing page on your web site, or a landing page designed solely for the paid search campaign

Ecommerce Conversion Rates: Low Ticket Items, Organic v. PPC



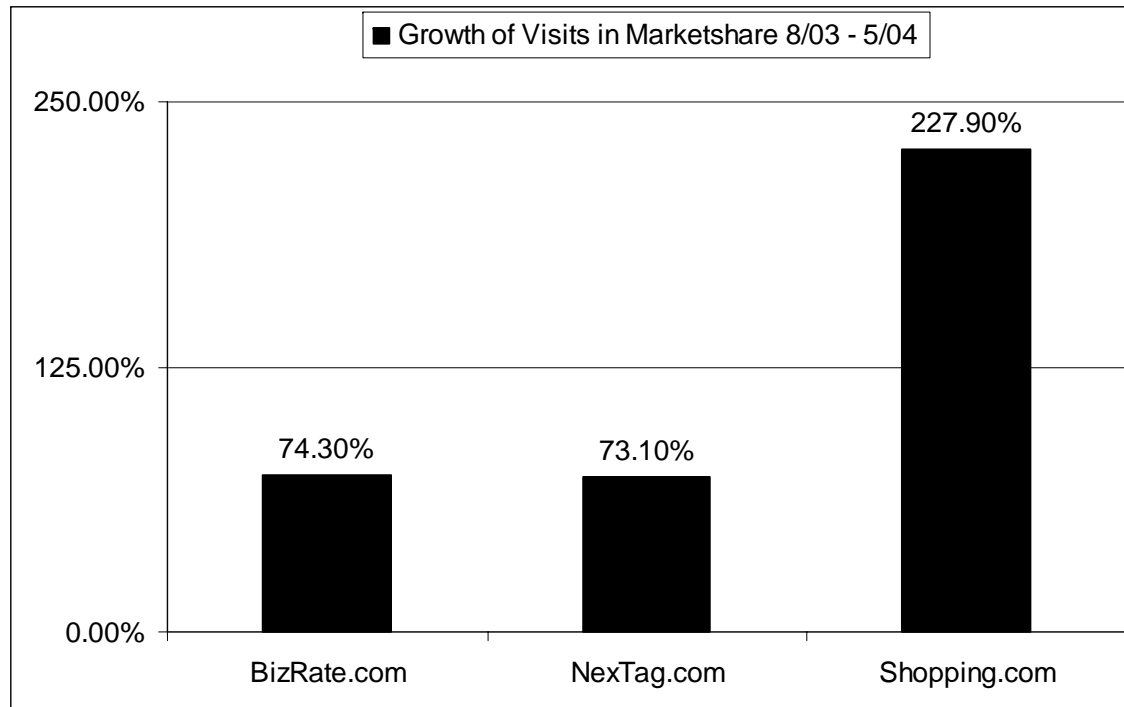
Source: MarketingSherpa, Search Marketing Metrics Survey, 07/2004

www.SherpaStore.com

Shopping Search Sites

- **Significantly more consumers use shopping search sites for product information, evaluation and comparison**
 - Growth of shopping search sites occurs primarily at the end-of-year holiday season

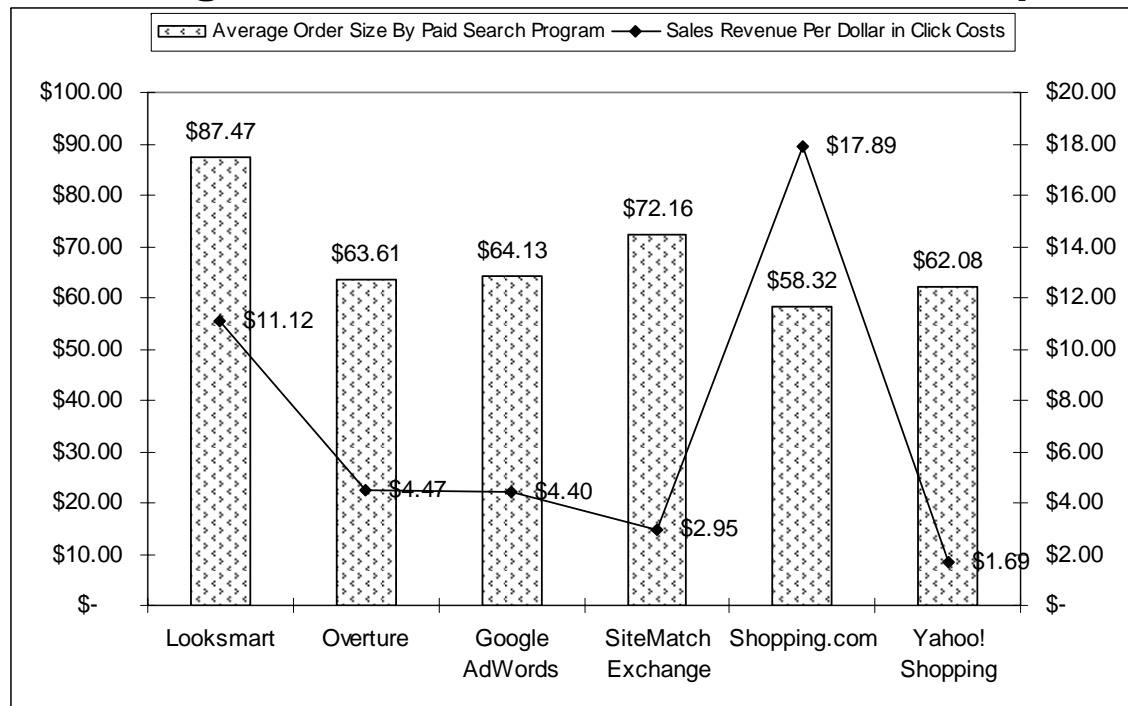
Traffic Growth of Shopping Search Sites



Ecommerce Sites – Revenue Per Click

- **Per click revenues is highly dependent upon which search engine the click came from**
 - Buyers appear to use different search engines depending on where they are in the buying decision, with Shopping.com drawing the most serious buyers
 - Test different paid search copy for shopping search sites and more niche search engines v. search engines used for more “generic” information-seeking

Search Engines’ Order Size and Revenue Comparison

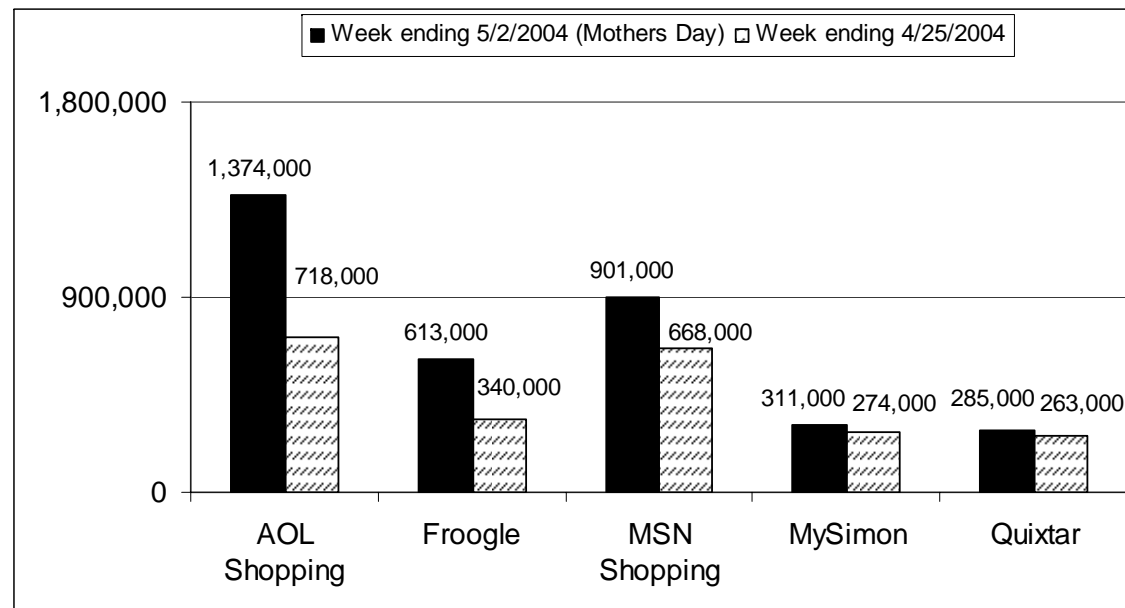


Source: NetPlus Marketing, 05.2004

Tip #6: For B-to-C, Leverage Holiday Shopping

- **Adjust maximum daily budget and PPC for holidays**
 - Results below are all shopping sites, but consider testing on non-shopping search engines also

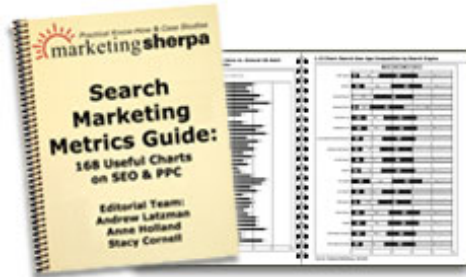
How a Minor Holiday (Mother's Day) Affects Shopping Search Sites



Conclusions

- **Search Engine marketing is huge, and getting huger, but remember that search engines are not created equal**
 - Get ready for increased competition, meaning higher overall costs
 - Seek pockets of leverage via better keywords, landing page copy, search engine selection, and promotional timing.
- **Time and Talent matter**
 - Search engine marketing requires constant review and oversight. Running a program on automatic pilot will force you to market more conservatively.
 - Increased competition for search terms and keywords means you need to be a smarter marketer with superior execution
- **Measure, measure, measure**
 - Do not take any metrics for granted – it can cost you.
 - Organize your search marketing campaign to measure all key metrics
 - Measure your labor investment and use it in your ROI calculations
 - Track results frequently and make program tweaks on a timely basis
- **Don't ignore Search Engine Optimization marketing**
 - Consider it an ongoing marketing investment
 - Leverage your SEO investment by also improving your site's conversions
 - Be sure to work with a quality, reputable organization that specializes in SEO

Recommended Publications:



**Search Marketing Metrics Guide:
169 Useful Charts
on SEO & PPC**
Get real-life data from over 3,007 marketers on click rates, conversion rates and costs. **For a complete list of charts, including ecommerce by price point, visit:**
<http://sherpastore.com/store/page.cfm/2166>



Buyer's Guide to Web Analytics: Software to measure your website & landing pages
Features easy-to-scan comparison charts of 53 Web analytics software offerings from 48 vendors including WebTrends, ClickTracks, Vividence, WebSideStory, Urchin, RedSheriff, Site Meter, and WatchWise. Compare pricing, reports, clients, and service.
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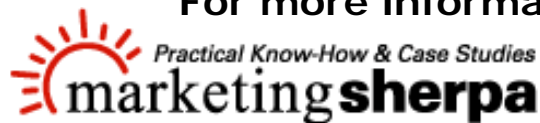


**Buyers' Guide to Search Engine Optimization Firms:
3rd Edition**
121 SEO firms profiled — including handy comparison chart and index by clients. Plus tips on how much to pay, estimating ROI, and avoiding dangerous practices that can hurt your rankings.
<http://sherpastore.com/store/page.cfm/1759>



How-to Kit: Tweaking Your Site's Copy to Get More Search Engine Traffic
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