

2009-10 Search Marketing Benchmark Report

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MarketingSherpa's 2009-10 Search Marketing Benchmark Report

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Director's Note

Welcome to MarketingSherpa's Search Benchmark Guide for 2009 and 2010.

This sixth annual edition has been completely rewritten and re-researched, and it benefits from the efforts of a diverse team of researchers, editors and reporters. That's what it takes to cover the rapidly evolving nature of search marketing. To make sense of over 200 pages of data, we've broken the guide into five major coverage areas:

- #1. The Business of Search – From the effects of the slowing economy to how different types of companies are budgeting and spending for search, this section covers the intersection between expense and opportunity.
- #2. The Tactics of Search – Each year brings new ways of using or understanding search. In addition to the increasingly important role of demographics, geo-targeting, local and mobile, this year we take a deep look at the enigmatic relationship between search and brand.
- #3. Search Providers and Searcher – The guide goes behind the scenes of top general and vertical search players, and takes a look at secondary players as well as the international search engines, with an emphasis on the rapidly maturing Asian market. We also take a look at the other side – the searchers who power the industry and their evolving needs.
- #4. Measuring and Testing – As the cost of search rises, the need for learning, measuring and testing grows. Search regularly ranks among the top tactics in terms of the return on investment.
- #5. Search Benchmarks – All of the fundamental metrics of search marketing, fully updated and in one place, including costs-per-click, keyword prices, volume and conversion rates.

In addition, the Guide features information from a number of other MarketingSherpa research studies carried out in the past 12 months. It also features 'best of' research from many outside sources, many of whom have provided exclusive data to MarketingSherpa.

This report is packed with information, and we hope it will be useful to you. The Guide is designed to be one-half yardstick with benchmarks and standards for success and one-half inspiration with explorations of what's working, what's not and what's on the horizon.

Until next year, good luck with your all of your marketing efforts.

Stefan Tornquist
Research Director, MarketingSherpa

Executive Summary

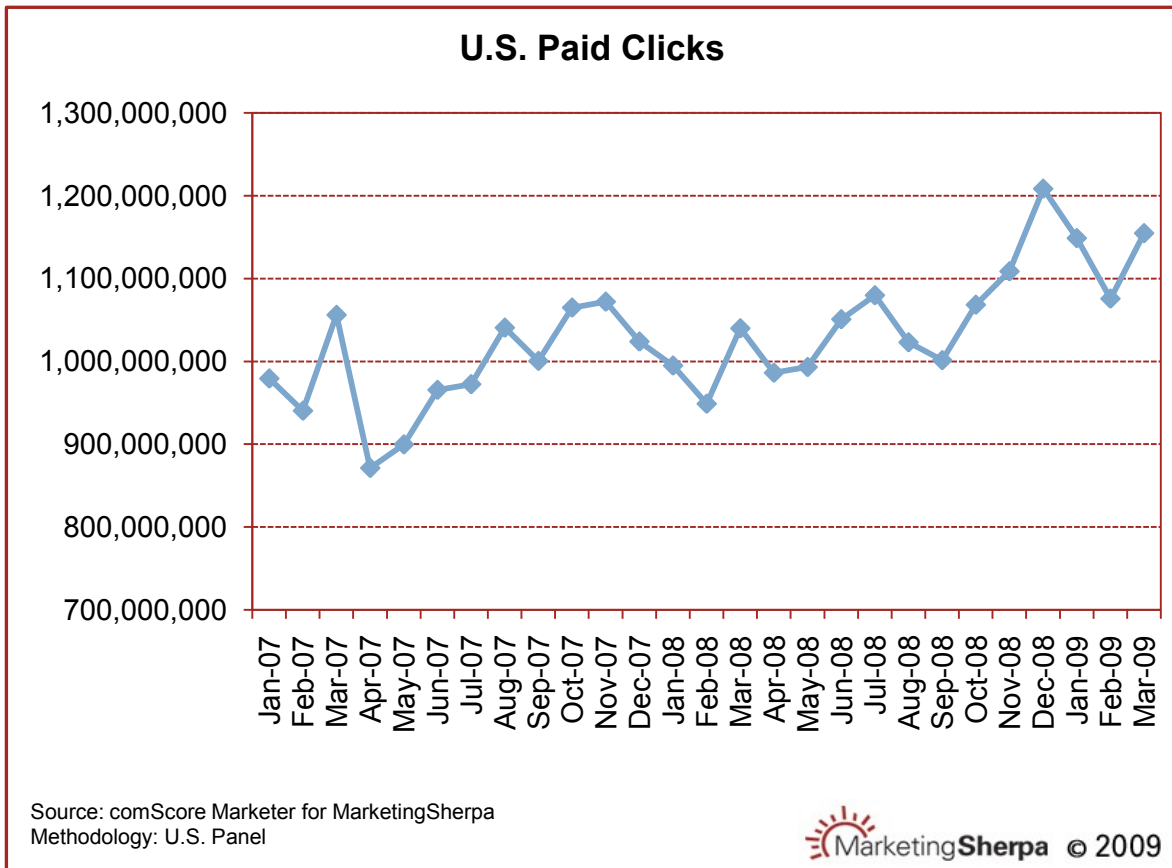
Search engine marketing, like nearly all digital media forms, is evolving rapidly. Text ads accompanying search results came into the world with little fanfare, but the real-time, individually targeted, bid-based buying system they spawned is now on the verge of becoming the dominant method for all commodified media buying. During the most difficult economic times that the search marketing industry has seen in its decade-long life, search marketers are more relevant than ever.

The Web itself is getting “smarter.” Web 1.0 was mostly static with publishers communicating to consumers. Web 2.0 is two-way, with consumers talking back to publishers. Web 3.0 uses information from the consumer to tailor the experience to individuals. Gmail ads already do this. By taking advantage of email content, Google is able to serve ads that are immediately and individually relevant. The new search site Hunch.com asks searchers to tell the site about themselves in order to predict interests and suggest searches. Why this matters to search marketers is that the entire infrastructure of the Web 3.0 economy is built on what’s known as the “semantic web.” Having a background in search engine optimization and PPC advertising is just about the best possible way to prepare for the new ways of doing business this technology enables.

While the consumers of the world get nervous about change, it won’t be long before an untargeted “dumb” ad provokes as much consumer backlash as the first targeted ads did in the last few years. As advertising undergoes a transformation from annoyance to utility, it will be the semantic marketers of the world who make it happen. It’s a very good time to be in this business for a variety of reasons. You represent the first wave of a new media economy. If that isn’t enough to convince someone of the increasing relevance of search marketing, perhaps the promise of money to be made will.

1. Despite the Difficult Economy, Paid Clicks Are Increasing

U.S. Paid Click Volume Up 18% from January 2007 to March 2009

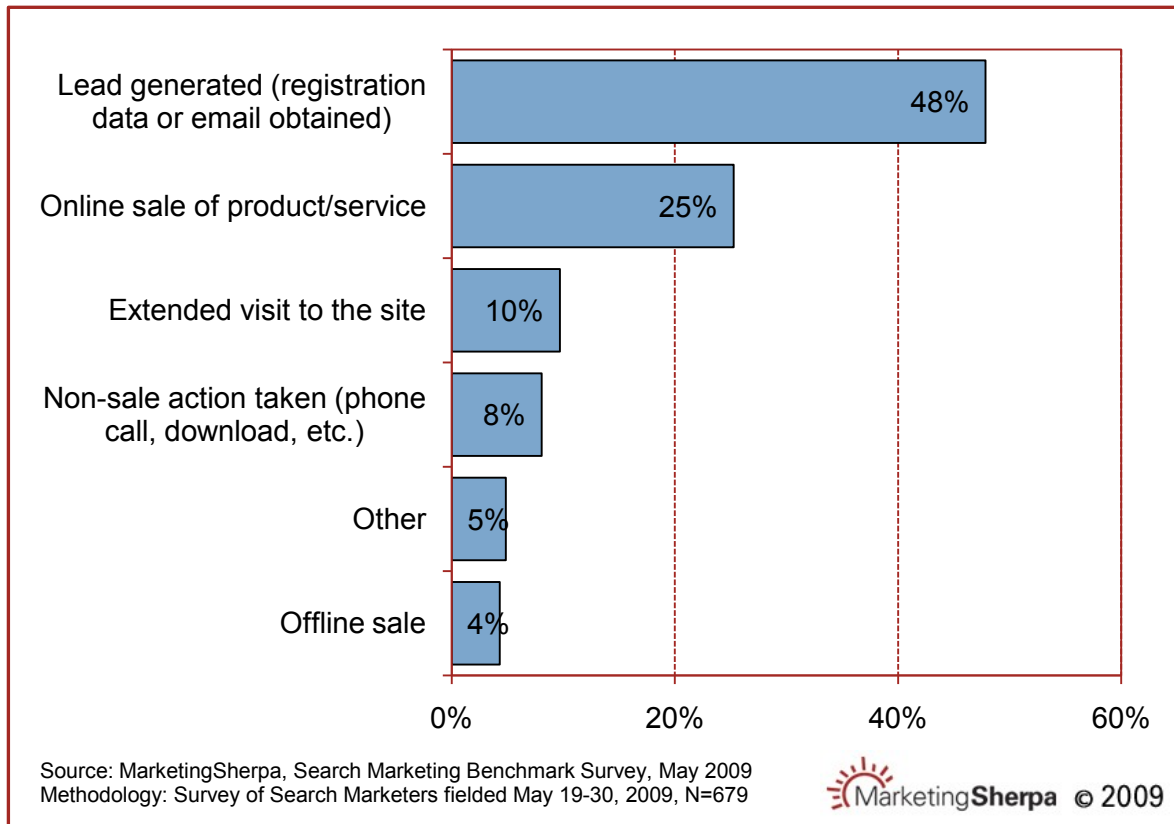


In a sign of industry health, the volume of paid clicks has been steadily increasing over the last two years. Wherever consumers are clicking, search marketers and PPC ad buyers are at work. In fact, as more publishers opt to offer a PPC buying option, the universe of PPC ads will continue to increase.

Facebook serves as a perfect example. The site offers advertisers the choice to buy display ads on a CPM basis or bid for PPC placements in nearly the same way that Google sells text ads on its content network. These big, successful publishers would not be using the model if it didn't work. The semantic web has arrived, and trained search marketers stand to benefit greatly from this shift in the ad industry.

2. Search Marketers Embrace Conversion Reporting

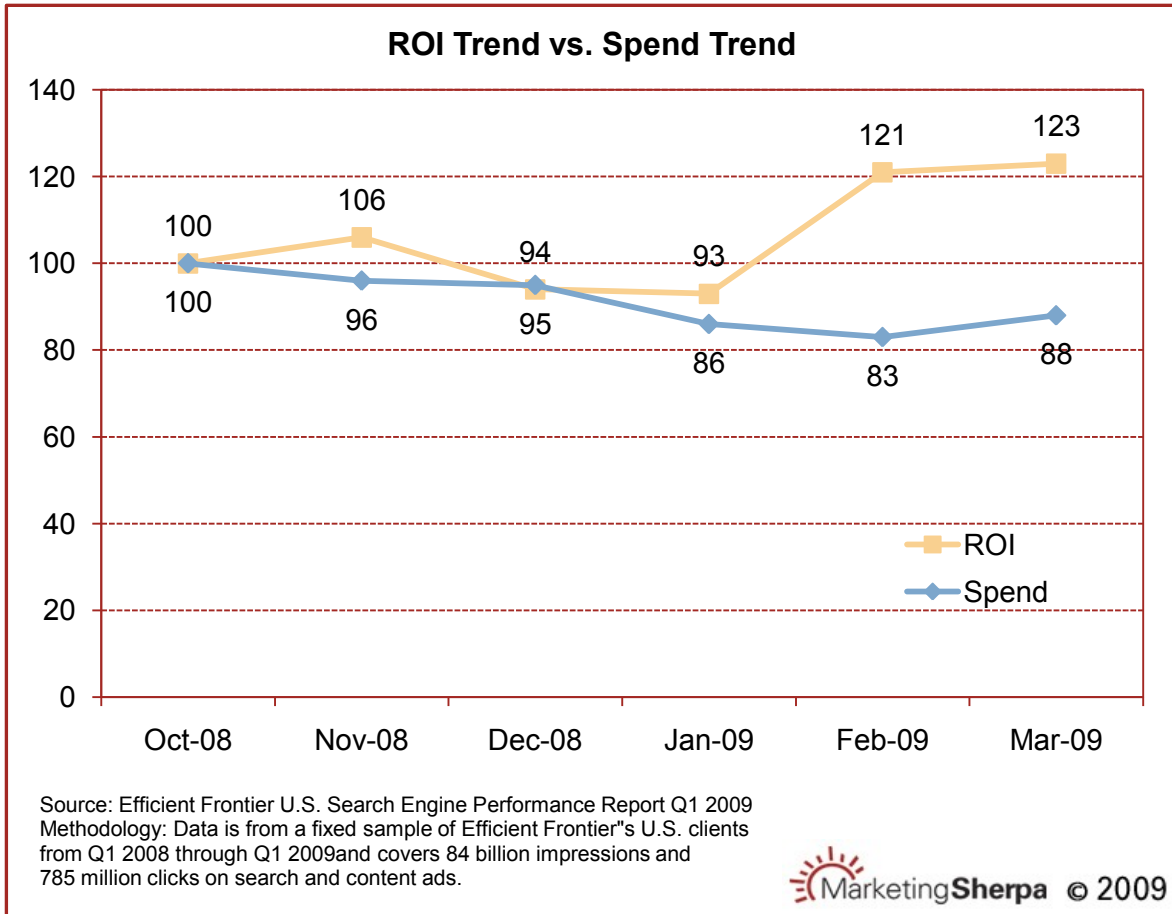
Primary “Conversion Event”



By embracing conversion metrics other than the immediate sale of a product, PPC search marketing is able to maintain the accountability and results-driven approach that makes it so effective, yet avoid the strategic identity crisis that online banner advertising is still going through (is it branding or is it direct response?). By tying bidding to performance and performance to actionable mid-funnel metrics, search marketers have neatly side-stepped the argument altogether.

3. Search Marketers Do More with Less

ROI Indexed against Spend Shows Increasing Efficiencies

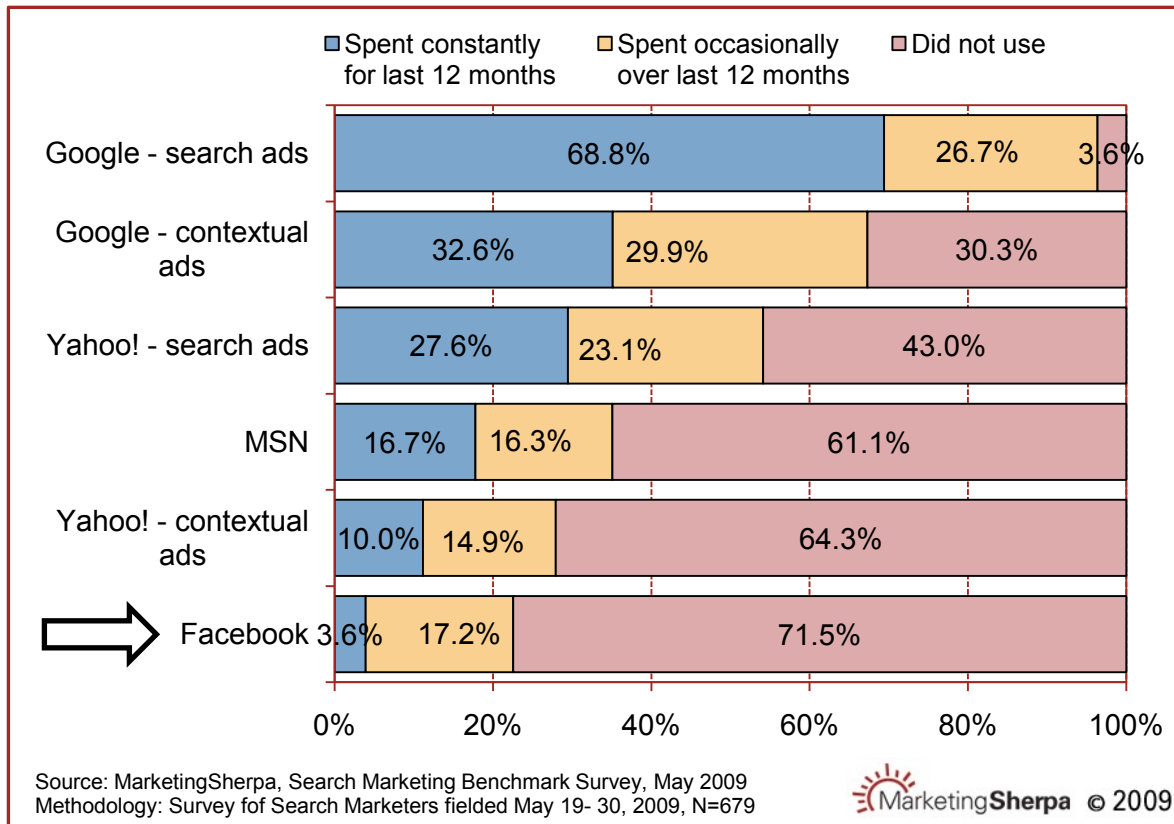


Cuts in budgets paired with increased expectations provided an opportunity for search marketers to shine in the first half of 2009. As budgetary fat was trimmed from keyword lists, ROI improved dramatically for the last two months in the above chart. We'll discuss later in this guide how agencies are being pushed to do more with less.

A common anecdote among agency marketers is the story of clients who paired budget cuts with threats of yanking accounts altogether if performance dipped. Amazingly, most rose to the occasion. Some common tactics were to move away from proven but expensive, high-volume PPC keywords on Google to a greater emphasis on SEO, social media and PPC opportunities outside the high-competition arena of Google.

4. Lines between Display Ads, Search and Social Are Blurring Rapidly

Search Marketers Report Use of PPC

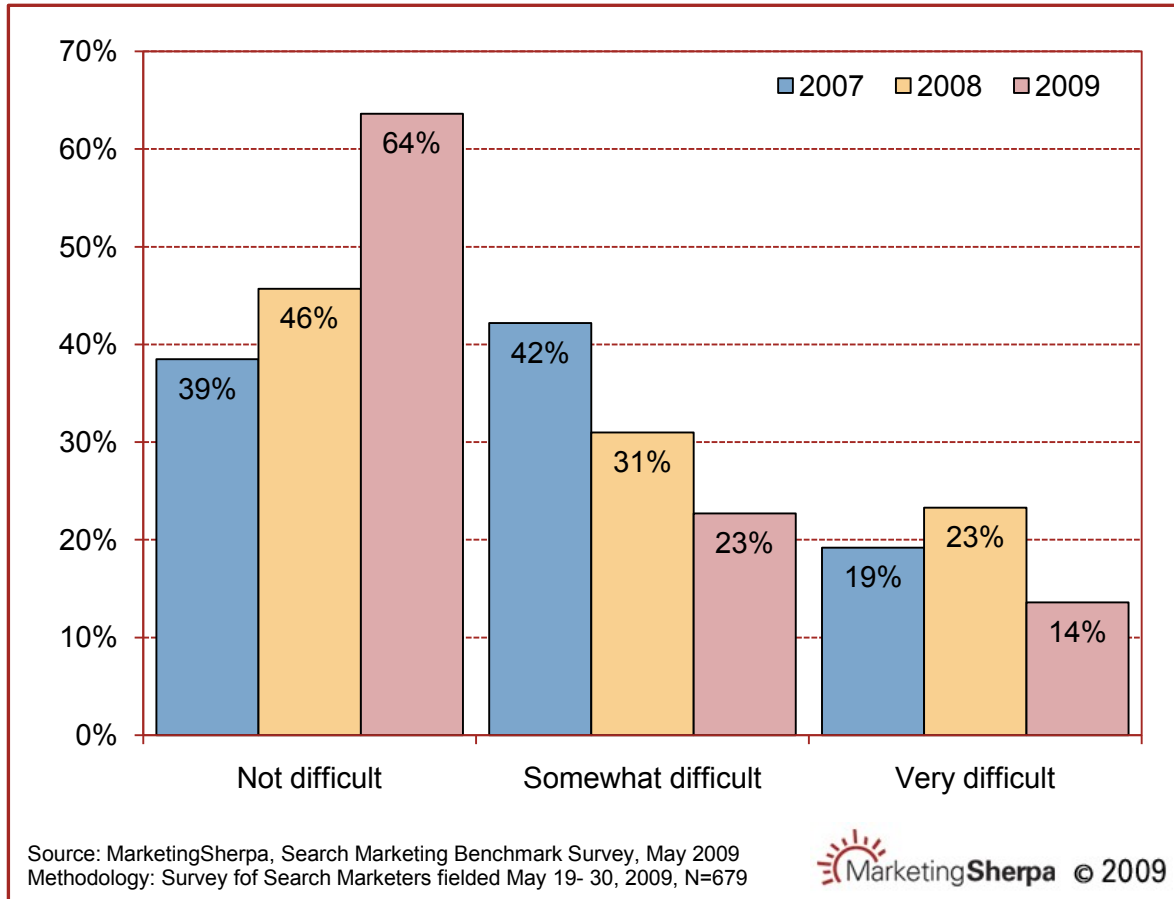


New to the list of PPC providers this year is Facebook. While not a search engine, Facebook offers contextually targeted PPC text ads similar to Google's content network. Use of the tactic is only slightly less than Yahoo!'s content network. The somewhat sticky question this provokes is why, in a siloed world of search/display/offline media buying, are search marketers buying display ads? If more media buying moves to performance-based PPC bid models, does it put the search marketer in charge of the larger media buying budget? Maybe.

To muddy the waters even further, PPC ads on Facebook are often designed to drive users to Facebook-markable Web pages, which creates a viral spread effect within the social network. These engaged users who post links on their Facebook pages drive organic traffic — until now the domain of SEO experts. The effect of all this is that more experts have to become generalists and that cross-functional strategies are becoming more common.

5. Hiring Skilled Search Marketers Is Becoming Easier

Ease of Hiring SEM Staff, 2007 through 2009



A blessing and a curse for search marketers, depending on which side of the equation they fall – having a working knowledge of SEO and PPC search engine marketing – is becoming more common. More junior-level search marketers are moving up the food chain within marketing departments while college students are entering the job market with some understanding upon arrival.

Good help will always be hard to find, but locating someone with knowledge of SEM is getting easier as the industry matures. Smart search marketers are bringing the tool kit of the bid-based marketplace to other marketing functions and, in the process, simply becoming smarter marketers.

6. Search Specialists Make Less than Generalist Marketers

Salary Comparison of Search Marketers

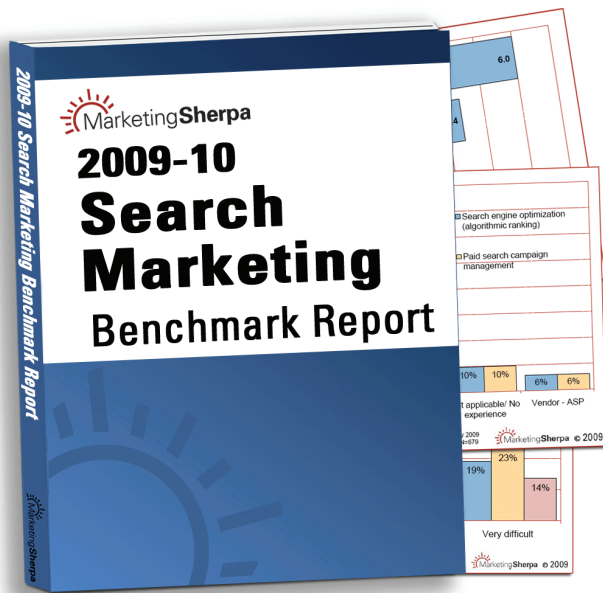
Title	N=	Average Salary
Marketing Director	80	\$111,125
Other Director	29	\$106,034
General Marketing Consultant	34	\$101,176
Search Marketing Director	27	\$92,778
Marketing Manager	93	\$71,667
Other Manager	25	\$69,400
Search Marketing Manager	32	\$68,750
SEO Specialist	17	\$68,529
General SEM Specialist	13	\$63,462
Data Analyst	5	\$55,000
PPC Specialist	18	\$49,444
Marketing Assistant	44	\$48,409
Search Marketing Assistant	9	\$43,889
Other Assistant	9	\$36,111
None of the Above	79	\$92,468
Grand Total	514	\$81,362

New this year, we took an in-depth look at the salaries of our survey takers so we could see what job seekers can realistically expect for compensation. We found a significant amount of variance within job titles, but, on average, salaries that make sense for the most part.

An interesting trend we noticed is that whenever the word “Search” is added to the front of a job title, that person made less than their generalist counterparts. For instance, search marketing directors make less than marketing directors. Search marketing assistants make less than marketing assistants. We will reserve judgment on whether this is fair or not, but the reality of it must be addressed.

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