

Search Marketing in 2005 – Adaptation ensures Evolution

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The environment is changing rapidly. The core temperature of the search engine sector is continuously growing warmer as interest in search-advertising increases. Over a dozen consecutive quarters of this intensifying heat is melting the ice cap that formed a glass ceiling between search engine marketers and mainstream advertising consciousness. Long-term revenue streams are now flooding as the melting ice cap sends buckets of liquid capital flowing into all regions of the sector.

Changes to an environment are often signaled by several seemingly unconnected events, the effects of which only become fully apparent as they unfold. The list of seemingly unconnected events grows longer every day. For months astute observers have noted the very real effects these events have on how search results are provided. An example would be the effect of Blogs both on popular culture and Google results. Another is the growing adoption of broadband in the United States. Other examples include, Yahoo's growing relationship with Hollywood, Google's global goals, MSN's declaration of tech-war, Ask's recent acquisitions, and this week's purchase of About.com by the New York Times. With search engine related items hitting the financial news on a daily basis, multi-billion dollar revenue projections and the sudden realization of what were once science-fiction fantasies, a shift in corporate group-think was inevitable. One day, the print-addled ad-execs on Madison Avenue woke up, smelled the silicone and went to the bank.

This shift in corporate consciousness has, to a large degree, caused and affected the evolution of the search engine environment. Over the past three years, various concepts of search have moved in from the peripheries towards the middle on the radar screens of corporate marketers. Being creatures of habit and working from their power base, they went where the money was.

Until recently, the largest advertisers appeared to define search as the PPC (pay-per-click) offerings of Google's Adwords and Overture, and the myriad of smaller pay-per-click programs. Unlike the technically challenging and unpredictable world of organic SEO, PPC programs give marketing departments solid numbers to base budget estimates and outcome projections on. PPC programs with their massive contextual distribution networks caught the attention of corporate marketers and their investments in PPC have sustained and driven both Google and Overture's bottom lines.

This reliance on PPC has had a positive effect on the business of search, allowing both Google and Yahoo to post record profits on astronomical revenues in the last quarter. Investment in the search sector is also driven by the success of PPC/ad-delivery programs. That bulk of money is being pumped back into innovation and acquisitions with both giants and their smaller rivals expected to release dozens of new features in the coming months.

Corporate reliance on PPC has had a negative effect on growth in the search sector as well. With more attention being paid to paid listings, many large corporations neglected their websites' organic placements. Numerous studies have shown that most online traffic is generated by the organic or unpaid listings and that actual sales tend to stem from a holistic branding approach to search engine marketing. Reliance on one form of search-advertising has almost certainly inhibited online sales for many larger corporate sites, a situation which places their confidence in search-advertising models at risk. A lowering

of advertiser confidence may be evidenced by a slight decline in the number of ad-purchases and keyword cost-bids in January though post-Christmas budget-shock might be an invisible factor.

For the past few weeks search engine journalists have written about the lack of corporate interest in organic placements and the perils of ignoring the free listings. Another study released today by Nick Hynes of UK SEM shop, [The Search Works](#) notes that over two thirds of FTSE100 (UK version of Fortune100) companies do not appear in the Top20 under keyword phrases relevant to their industries. Similar results can be found when searching for Fortune100 companies at Google, Yahoo and MSN. This prompting is starting to have an effect with an increase in corporate awareness about the importance of organic placements. If corporate advertisers find a profitable balance between organic and paid search marketing, this balance will form the basis of optimal search-marketing campaigns for the coming years, thus providing both advertisers and the SEMs who serve them a sense of solid ground in the midst of the rapidly changing environment.

Ultimately, the effects on the environment have been very positive for most of the SEO/SEM sector. Established SEM shops tend to be coping quite well with the sudden changes and are happily netting increasing volumes of big and small fish. They are hiring and training new SEOs and retraining older staff in SEM technique in order to keep up. Several independent SEOs are even turning work away as they are simply too busy to take on new clients. Conventional wisdom says that the organic SEO shops that learn to combine organic and PPC services (either directly or with a third party) will not only survive the changes in our working environment but will be in a position to provide a much more comprehensive service to their clients.

Today's bottom line for both corporate advertisers and the SEMs who serve them is simple; learn, adapt, evolve, integrate skill-sets and thrive in the ever-expanding world of search. As the floods come in, don't be afraid to get your feet wet.