

A SEARCH ENGINE PRIMER

BY NOEL ATKINSON

According to the Search Engine Marketing Professional Organization (SEMPO), search engine marketing (SEM) is: “The act of marketing a Web site via search engines, whether this be improving rank in organic listings, purchasing paid listings or a combination of these and other search engine-related activities.” It may sound technical – and it is – but it also can be a key part of an effective direct marketing strategy.

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Search activities are the second-most common activity on the Internet, after e-mail. Internet users are seeking information on average of 336 times per year, and if there are 100-150 million Americans old enough to actually do a search online, it translates to 30-50 billion requests for information from search engines every year from U.S. residents alone.

A November 2003 survey by Nielsen/NetRatings showed that 21 percent of all search engine usage is to either comparison shop for a product or service (11 percent) or to make a purchase online (10 percent). Therefore, one could extrapolate that there are between six and 10 billion searches annually by Americans with the specific intent of eventually purchasing an item or service.

Given the enormous number of commercial searches, it is reasonable to assume that a direct marketer could increase their pool of leads by engaging in search engine marketing. Within the insurance industry, a search engine marketing strategy can provide new potential customers that are currently seeking insurance plans. The search terms used by the seekers can also help insurance companies identify the optimal type of plan for the searcher. For example, a person entering the search term “insurance smoker age 35”

provides some very significant information that can help a search engine marketer quickly direct the lead to the right type of insurance policy for them. Significant numbers of searchers providing the same information in the search terms can also identify niches that have been underexposed or are ripe for a more attractive offer.

Most of the media’s and Wall Street’s attention to SEM has focused on the ability of the search engines to generate revenues from targeted keyword searches. However, it seems clear that the rise of SEM has presented a new campaign channel with many of the benefits that direct marketers have come to expect. An SEM campaign targets individuals and businesses at the one-to-one level, driven by the perceived desire of the searcher to find relevant information.

SEM is passive and non-invasive, and driven by the potential customer rather than the marketer. An SEM campaign requires payment to the search engine only when a lead is generated by a searcher clicking on the marketer’s link, limiting unnecessary spending. The marketer can directly track a prospect through the lead acquisition and purchasing process, to understand bottlenecks in the system. The SEM campaign also permits the marketing to accurately calculate return on marketing investment. Finally, an SEM effort provides the direct marketer with the ability to continually test and refine each campaign to minimize costs and maximize results.

The Credo Group, a leading digital insurance agency specializing in creating alternative distribution channels for insurance carriers, has made great strides using search engine marketing. Their clients, among them RBC Liberty, Mutual of Omaha, Aegon and Globe Life & Accident, have successfully incorporated SEM into the overall marketing mix. Globe Life, for instance, reports that Internet marketing efforts now represent as much as 10 percent of its direct marketed book of business.

SEM remains a small portion of overall advertising and marketing campaign expenditures in the United States, but it is believed to be its fastest-growing component. However, those companies that are still considering making SEM part of their marketing strategy – and there should be few, if any, exceptions – should first take a little time to better understand the basics of the SEM medium.



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The majority of total SEM revenues is being generated through the paid-placement auction-style cost-per-click procedure. Direct marketers will likely be most interested in paid-placement SEM, because paid-placement guarantees that a Web site will appear in response to a given keyword search, so long as your bid for that keyword search query is high enough. Unfortunately for marketers utilizing this medium, as more participants enter the bidding process it is likely that the average winning bid will grow as well.

The insurance segment has been one of the most expensive for an SEM strategy, primarily because fly-by-night agencies have been driving up the bids on the most basic relevant search terms (such as “term life” or “insurance”), in hopes of garnering a lead with a relatively high lifetime value. Thus, a careful strategy is necessary to get the biggest bang for the placement buck. It is not always necessary to be the top bidder, as the top three or four bidders are displayed in the first page of search results. Another method is to focus your bids on more targeted keyword searches, espe-

cially those that incorporate more than one word – use “nonsmoker term life” rather than just “term life.” There are literally billions of keyword combinations that can be tested and evaluated to provide traffic that is both low-cost and qualified. The number of leads may be less, but the cost of each lead will be far cheaper and the Web site result provided can be much more targeted to the searcher’s needs.

Another way to reduce SEM costs is to broaden the campaign beyond just the market leaders Google and Yahoo! For instance, a maximum bid on the keyword “insurance” on Google was \$12.73 as of March 22, 2004. This price went down to \$3.09 on Overture, \$0.48 on FindWhat and \$0.20 on Search123 (ValueClick). This is not to suggest that Google or Yahoo! are not unimportant parts to an SEM strategy – but rather that it may be worth investigating savings that can be realized by also using a second-tier search engine.

The search engine market remains in its infancy, and usage rates of the search engines can differ a lot from quarter to quarter. For example, Overture (Yahoo!) was the first market leader in SEM, but Google has overtaken Yahoo! during the past couple of years. Microsoft, whose MSN site used to use Yahoo! to power its paid and free search results, is readying its own search engine technology and paid-placement SEM program. As the market evolves, direct marketers using SEM campaigns could benefit by watching which search engines are the up-and-coming stars.

Paid-placement is currently the preferred way to gain leads through search engine marketing, but a company can obtain leads from the free search results as well. On a page of search results, the top part of the page shows the paid-placement results and the bottom part shows the best results from the free listings. In theory, if a company could get its listing shown at or near the top of the free listings, the firm could obtain a healthy number of leads for far less than even a low-cost paid-placement campaign.

There are two types of free Web search methods – keyword search and directory search. Keyword searches are those with which people are most familiar (such as Google). The searcher enters one or more

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keywords that are most relevant to the item or topic requested. The search engine utilizes highly complex algorithms to power “spiders” or “crawlers” that surf the Internet to build a database of relevant Web sites for given keywords, which then can be very quickly provided to any search request. These searches work well for most purposes for well-trafficked Web sites.

Yet the Internet is growing very rapidly, and the algorithms utilize a number of criteria for inclusion of a Web site into a database. Moreover, people do not know in advance the search terms that will provide the optimal results. It is therefore reasonable to assume that a lot of keyword searches do not turn up any or all of the relevant sites (or the truly most relevant sites) to the searcher’s needs. Google’s algorithms incorporate a number of known factors that help

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improve a firm’s Web site relevance to a keyword search, including placement of the keywords in the title of the Web page, more links from respected Web sites to the company’s Web site, a greater frequency of updating of information on the Web site, and listing of the Web site on a human-edited Web site directory database.

The directory search (or index search) method adds a human touch to the search engine. With this method, Web site owners send a request to the directory, such as Yahoo!, AOL, LookSmart or the Open Directory Project (ODP) for inclusion in a relevant list. Human editors examine the code and content of a potential inclusion and decide whether or not to

add the Web site to the database of relevant listings. Yahoo! charges an annual fee to remain within the directory, while the ODP does not. Google’s keyword search algorithms place a substantial amount of importance on the inclusion of a Web site in Yahoo!’s or the ODP’s databases, so a keyword search strategy probably should incorporate an attempt for inclusion in these directory search databases.

SEM is not expected to entirely replace other marketing campaign channels, but it can be a very effective and seemingly passive method of reaching potential leads that are actively seeking a specific product or service. Campaigns can be nationally or geographically targeted and can be incorporated on large or small budgets. Most firms utilize a third-party agency specializing in SEM campaigns that can provide tracking and targeting capabilities, as well as the ability to create, test and manage a campaign that can encompass tens of thousands of different keyword combinations. Most importantly, marketers employing SEM campaigns should make sure their Web site links work, the sales channel is operating correctly (be it a handoff to an agent by phone or e-mail or an e-commerce transaction), and the Web site is appealing and easy to navigate. ■

This article is excerpted from The Keystone Equities Group’s recently published SEM white paper entitled “[Search Engine Marketing 1.0: The Importance of Being Found.](#)”

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