



2006 – Precision Marketing Opportunities in Search

By Joe Laratro, Chief Technology Officer
www.MoreVisibility.com



Conversion Marketing has been one of the buzz terms of the last year or two. Recently, studies were released that showed up to 92% of Web site sales occur offline (ComScore March 2005). Even worse for tracking purposes, it is estimated that 58% of Web users delete their cookies (JupiterResearch March 2005). Therefore, conversion marketing becomes more and more challenging because of the deficiency of reliable data. Mathematical models are being developed to compensate for these findings, but the reality is that we may not be fully prepared for Search Marketing campaigns that are based solely on conversion numbers.

Looking more toward the offline, traditional advertising models, we can utilize similar techniques online. If a company wants to advertise a feminine product in a commercial, there is demographic data to suggest which time slots, channels, and TV shows would produce the most targeted audience. If that same company wanted to advertise in print publications, similar data is available. If a local barbershop wanted to advertise their service, they can target local ads through the Cable Company, local billboards, and local print ads. Conversion data and return on investment (ROI) information are not as easily track-able as in the online world. However, these brick and mortar techniques have been very successful over the years. A good marketer knows what advertising channels work and if they are worth the investment.

2006 is going to be a year where precision-marketing opportunities will grow and flourish under the ever-evolving Search Engine Marketing (SEM) umbrella, through technology growth. This white paper will discuss some of these new areas for advertising. Equipped with the proper knowledge, the savvy online marketer will use advertising channels that can target their audience – leading to higher qualified leads and higher opportunities for conversions.

Local Search

Local Search is a type of search that displays Web results based on keyword queries relative to geographic locations. This is a broad type of search result that is not restricted to the traditional Search Engine or Portal. This Search Engine Marketing Channel is most important for service based businesses that serve distinct and limited regions.

The main types of Local Search are Online Yellow Pages, Search Engine's local sections, Local Search Engines, and Online Classifieds. Each of these has very specific criteria for categorizing and displaying the local listings. Service based businesses are at the core of Local Search. They have limited audiences that are based within their service regions.

The more targeted their marketing campaigns can be, the more likely they gain the value from the investment. The geographic targeting options available through Local Search, opens up the Web as a viable advertising medium for these service-based companies.

For more detailed information on local search please see my White Paper: [Local Search: Effective Marketing Channel for Companies Big & Small.](#)

Pay-Per-Call

Pay-Per-Call is a relatively new and quickly developing channel that is being utilized in the SEM industry. It allows for phone numbers to be used in online ads. Conversions change from the traditional click to a phone call. Technology has been developed to route these calls and charge a fee for each call.

Sponsored listings were not designed for businesses without a Web site. Pay-per-call programs are developing to meet several needs. One is to provide a paid channel for these businesses to market on the Web without a Web site. Pay-per-call systems can be used to have online ads / listings and be charged every time someone calls the number. This technology can be integrated into any online yellow page type listing. The two major players in this industry right now are Ingenio.com and Jambo.com. The major Search Engines are also investing here and with VOIP (Voice over IP – basically free phone calls through the Web).

Pay-per-call programs will have higher costs per conversion when compared to a sponsored listing cost per click. The difference is that a step is being cut out. A click has to then convert which may be a call, a form to fill out, or some other transaction. A pay-per-call lead is a more qualified first conversion step than a click. Typical conversion rates from sponsored listings clicks can range from 5% to 10% depending on the industry.

MSN

MSN's new AdCenter and MSN keywords are currently in a beta stage. It is expected that the full version of this product will be available to the public in Q2 of 2006. This is a very exciting development on the Pay-Per-Click (PPC) side of SEM. It is the first time a new competitor is going to start as a tier one PPC engine. Historically the real news in this sector has been about mergers and the shifting of who powers whom.

MSN Ad Center is making significant waves in PPC because of some very advanced features that they have pioneered. Through MSN Passport,

Hotmail, and other registered services, they have a repository of information about the users of their Search Engine. Users of Ad Center will have access to this data when researching keywords and targeting within the PPC campaigns.

Besides AdCenter's new features, MSN Keywords will initially have a very pure distribution and low CPCs until enough marketers bring the price levels to market prices. MoreVisibility has been intimately involved with the beta rollouts. The traffic has been extremely qualified.

Demographic Targeting

MSN is changing the way PPC marketers can setup and optimize their campaigns. Targeting by age group and gender are two of the options. If MSN has data on the searcher, they have the ability to display demographically targeted PPC ads. The company that wanted to advertise a feminine product on TV to a female audience will soon have a Search Engine Marketing channel with the same precision.

While I am bullish on these new targeting options and look forward to other Search Engine integrating demographic targeting into their PPC programs, there are a few sticky points to deal with. Every searcher is not registered or recognizable. These searchers would receive normal ads. Even though a computer may be registered to someone, it does not mean that only that person is using that computer. In an average American household, if there is only one computer and the eldest lady of the house registered the computer, it is possible that the man of the house and the 2.5 kids would see more female-targeted ads than they should. For demographic targeting to work perfectly, each user of the Search Engine would need their own fingerprint to identify them. MSN Passport is a step toward this goal.

Google – Selective Contextual Advertising and Contextual Bids

While Google has released some very impressive new products and services in 2005 (Google Base, Google Books, Google Analytics, and many more), the most important one for precision marketing was the contextual advertising changes in AdWords. In 2006 AdWords advertisers have the power to bid separately between ads displayed on search and ads displayed contextually. Campaigns can even be setup now to participate in either area exclusively. Setting up campaigns in this manner allows for more structured bidding and tracking tactics. Contextual ads in most cases have lower perceived value of clicks and lower click through rates than search ads. CPC bids and budgets can be tailored to the contextual ads.

Another enhancement to contextual advertising is the ability to choose the Web sites that display the ads. This control allows for ads to be displayed on more targeted and desirable Web sites. This option should increase the quality of the Web sites participating in AdSense (Google's contextual advertising program and allows Web site owners to profit from ads displayed on their pages). It also increases the user experience on the Web page that displays contextual ads, if they are more targeted and relevant.

Lets say a financial firm wants to generate leads for structured settlements. They setup a campaign in Google AdWords for the keywords they have proved to be successful. Search ads are too expensive for them, so they setup a contextual only advertising campaign. This company knows that there are other lead generation Web sites within this field that participate in the AdSense program. Since they do not want their ads displayed on those Web sites, the campaigns are setup with Site targeting. This company now has the ability to prevent their ads from displaying on contextual Web sites that are undesirable to them.

Behavioral Targeting

Technology has been built to serve ads in a network based on previous Web behavior. Behavioral targeting is truly in its infancy. The implementations that I have seen are pretty exciting. Lets say you sign up for information on a major retailer's Web site for specials. That major retailer participates in an ad network. After you signed up for the specials, your PC now has a cookie for that ad network. While surfing the Web a week later, you visit another Web site within the same ad network. Your cookie is recognized and you may receive ads for the original major retailer where you signed up for the specials. This is powerful if it works. Not only is there brand recognition, but also the behaviorally searched ads remind the searcher about the Web site they already went to.

Can behavioral targeting be utilized in Search Engine Marketing? This is an advanced technique that has not yet made its way to SEM. With the advancements in demographic targeting, I believe we may see beta programs for behavioral targeting in 2006. Google is already using predictive measures in their algorithm to find the intent of the search query. If a searcher does several searches for fruits in a row, and then searches for cherry, the algorithm should lean towards the fruit results over the color results. Yahoo has similar programs with My Yahoo, Yahoo Shortcuts and Yahoo 360. It is safe to assume that both engines are tracking search behavior. With the correct repository of this data, it is

possible for technology to allow for advertising options based on it. Imagine being able to target bids for searchers who tend to visit ecommerce Web sites. Maybe you can target visitors who always search for marine industry terms? If demographic targeting were equated to Algebra, behavioral targeting would be more like Calculus.

Link buying for Traffic

There have always been two schools of thought related to link buying. One school believed in buying links for traffic, the other believed in buying links to increase Search Engine rank. The latter may be an antiquated technique. At the WebmasterWorld conference in Las Vegas in November of 2005, Matt Cutts, a senior Google engineer, said that buying links to inflate PageRank was not a “best practices” technique. The practice may still have value in other Search Engines, but for the sake of argument, it should not be done for that purpose.

Going back to the first school of thought, links equal traffic. Links drive traffic. Links are valuable. Links get a Web site noticed. For this purpose buying links can be a viable marketing channel.

Links can be purchased through brokers. They make distribution deals with popular Web sites and give them a channel to sell ads through a company that has access to the market to move them. Brokers typically split the revenue generated with the Web sites providing the real estate for the ads. Links purchased through brokers should be researched for quality and relevance of the Web site. If a company is selling car accessories to Mercedes Benz vehicles, a link on a page that talks about movies may not be valuable. But if that same company can buy links on Mercedes Forums, Mercedes enthusiasts Web sites, and other Web sites that may attract someone who would be interested in buying Mercedes accessories, then those links could drive very valuable traffic.

Links can be purchased directly from Webmasters. Find Web sites with desirable users for your topic or products and contact the Webmaster about advertising options. These are win-win deals because the Webmasters get to monetize their sites, and the traffic derived can be invaluable. Links do count as endorsements – so when buying them, choose wisely. An example of this would be a Collector Doll Clearing house Web site contacting the Collector Doll Encyclopedia Web site to buy a link / real estate on their pages.