Inside Search Engine Marketing (SEM)

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Abstract

Search Engine Marketing (SEM) is a relatively new discipline in Marketing. SEM emerged as a branch of Web Marketing in the late-90s, when first search engines appeared to help people in finding information online. Since then, Search Engine Marketing strives for effective methods and strategies for promoting products and services through search engines. The article "Inside Search Engine Marketing" reveals what SEM is about and what are its main functions.

1. Introduction

Internet spreads throughout the world in a very fast pace. Twenty years ago it was hard to imagine that in the nearest future the World Wide Web would become the largest source of information in the world. Furthermore, today's business is strongly connected with internet technologies. Giant corporations like Google, Yahoo! and Baidu, whose founders are among richest persons of the planet, have enormous impact on everyday life of people all over the world.

Abstractedly speaking, currently the Internet is transforming into a sophisticated search bar with a big search button. Search is a powerful and intuitively simple mechanism for finding information online. People search for products, online and offline services, media content, games, dating, and more… Businesses strive for those people trying to attract them with their products and services and gain more customers. Here the search engine marketing comes into play.

2. Search Engines

In order to understand what search engine marketing is, we need to understand what search engines are in the first place. Since mid-90s, online information has been growing and people needed that information in a well-organized way. Search engines emerged in the late-90s with the aim to organize online information. We can make a big list of currently active search engines all over the world based on location, language or interests. Different search engines use different algorithms and parameters to sort that infor-

mation for end-users.

Google is the leading search engine in the world. According to Alexa (The Web Information Company Alexa), Google maintains top positions as the most visited web resource all over the world. Some estimates suggest, that more than 80% of world's total search market belongs to Google (Karmansnack). Of course there are exceptions in some countries (for example, Baidu and Yandex are the leading search engines in China and Russia respectively), but the reality is that Google dominates the world of online information. The figure 1 represents the latest data from http://www.netmarketshare.com about world search engine market share:
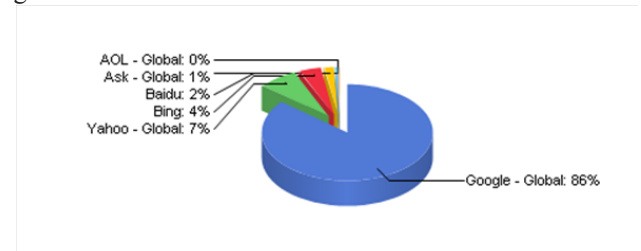

Figure 1

3. Search Engines Business Model: Google

After understanding what Google do as a search engine, it's time to analyze how the income of the company is generated. According to official press release on October 18, 2012, Google's net income for 2012 third quarter is $2.18 billion USD. Where that money comes from? To answer that question, we need to analyze search engines deeper.

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Google (as well as other search engines) offers its search service for free. Using sophisticated algorithms and mathematical various methods, Google continuously "crawls" and analyzes billions of web pages. After user inputs in the search bar any keyword, search engine processes the keyword, generates results and outputs relevant web page links to the user. The result of that process is called SERP (Search Engine Results Page). SERP contains links to the web pages that Google "thinks" are most relevant to the given keyword.

If we parse SERP, we will acknowledge that some results are sort of "privileged" links. So Search Engine Results Page contains two types of links: usual or organic links and privileged links for any given keyword. After analyzing both types of listings, we will acknowledge that Google generates its income of 2.18 billion dollars mainly from privileged links.

4. Organic Links & Search Engine Optimization

The first type of links generated in SERP is called organic or natural. Those are the real or "fair" results for a given query. For example, if we search "European Union" in Google, the first result in the generated page will be the page of European Union created in Wikipedia. That means Google finds it as a best relevant match for the keyword "European Union". Speaking in financial terms, Google does not get any financial reward from Wikipedia for placing their website on the top of the search results page.

Search Engine Optimization (SEO) is a process that deals with organic links. Its main function is to improve website positions in SERP organic listings. There are plenty of methods and techniques that are used to achieve SEO goals and majority of them require programming skills. Optimizers seek to make their web pages more "search engine" friendly for achieving high rankings in search results. In other words, SEO is the process of making Google and other search engines to "think" that the website is worthy, useful for people and has an intrinsic value to be placed in better positions in future SERPs compared to current SERP. The success or failure of SEO campaign mainly depends on how thoroughly optimizer understands the algorithm of search engines and as well as on the uniqueness of content.

Search engines assign ranks to the web pages and sort search results according to that ranks. There are many factors affecting ranks like content uniqueness, conversion rate, quality and quantity of back links, etc…Google Page Rank is one example of the factor that indicates the popularity of web page online. Page Rank (PR) is a numerical value from 0 to 10 and is assigned to the web page. Higher PR usually means higher popularity. But in fact this is not always the case.

4.1 Black-Hat vs. White-Hat SEO

As the competition grows between online resources, some SEO specialists seek to find Search Engines' weak points. What can be done if search engine does not rank the web page as high as desired? Black-Hat SEO is often the solution for the problem. Optimizers will start searching for imperfections in search engine algorithms to take advantage over competitors. Hidden texts, paid links from various websites, keyword stuffing and cloaking are among most popular techniques used to deceive search engines. Those methods are not welcomed by search engines and web pages can be penalized by search engines for implementing those methods.

On the contrary to Black-Hat, White-Hat SEO is welcomed and even urged by search engines. White-Hat SEO includes methods that are consistent with official Search Engine guidelines and do not violate their policies. The main scope of "white" activities is to help search engines to analyze the web pages easily, quickly and correctly without cheating or deceiving search engine robots.

4.2 Uniqueness of Content

No matter which one of the SEO techniques is used, the content of the promoted web page remains the most important factor affecting SERP. Web resources with plagiarized content have a very little chance to convince Google that the web page is worthy. On the other hand, websites with unique content need relatively little SEO efforts to get Google's attention.

5. Non-Organic Links: Paid Search Advertising

Non-Organic or Paid listings are displayed in search engine result pages for a given keyword above Organic listings. The difference between the two types is that search engine includes paid links within SERP with one condition: every time the link is clicked, search engine gets paid. It is called Cost-Per-Click (CPC) advertising and represents the main form of paid search advertising. One of the pioneers of CPC was Google. CPC is the main source of income for Google. The special online application called Google AdWords is designed to facilitate CPC advertising and offers user-friendly interface for creating and managing SEM campaigns for advertisers.

6. Search Engine Marketing

The definition of search engine marketing is based on the concepts discussed above. Search engine marketing serves as uniting term for two broad disciplines: Search Engine Optimization and Paid Search Advertising. SEM is a process of promoting products, services and digital content

through search engines. The process starts from search engine optimization and could end up with paid search advertising. The objective of SEM is to gain search traffic which later can be converted into customers. It can be achieved through search engine optimization and/or paid search advertising. SEM is a continuous process which requires clearly-formulated strategy and live-time monitoring of attained results.

To succeed in SEM campaign, optimizer should clearly identify the best SEM strategy for given project. Different projects can require completely different search engine marketing approaches. To understand the difference between strategic approaches to SEM, let's assume that there are three projects – A, B and C. The project A is an online shop that sells consumer electronics from various manufacturers, the project B represents a website for university in small European country, and finally the project C is an electronic scientific journal with unique articles. Let's also assume that projects A and B have the same budget of 5000 USD, while the project C has a small budget of 500 USD. The SEM goal for all three projects is to gain search traffic as much as possible in one year period.

Due to heavy competition the online shop will surely need advertising campaigns to attract potential customers. Paid search advertising, or speaking more strictly, cost-per-click advertising can be cheaper and at the same time the most effective way of getting new customers. The digital content of the online shop is not unique therefore it needs much more advertising than search engine optimization to get to the top of SERP. The strategy that will fit the project A can be depicted by the following formula

$$SEM = X*PSA + Y*SEO, X>Y$$

Where X+Y=1, X and Y are numbers between 0 and 1 representing the portions of each SEM component. The interpretation of the formula is following: in order to gain search traffic for Project A, and taking into account the budget of SEM campaign, the optimizer should choose a strategy of using more PSA than SEO. The reason of why X should be greater than Y can be also shown by drawing parallels with traditional (brick and mortar) businesses. Newly opened consumer electronics shop that is selling common products will hardly succeed in market without advertising.

On the contrary to online shop, the scientific journal has a unique "product". It offers articles that cannot be obtained from elsewhere. If the website is well-optimized for search-engines, the probability of getting top ranks in SERP will be very high. Search Engine Optimization with the 500 dollars budget is the best SEM strategy for project C. So the formula will take the following form

$$SEM = X*PSA + Y*SEO, X<Y.$$

Finally, SEM campaign for university website should include paid search advertising and search engine optimization with approximately equal portions ($X \approx Y$). Relatively high uniqueness of content and not too heavy competition (compared to online shop) will balance SEO and PSA contributions in achieving SEM goals.

7. Conclusion

To conclude in a few words, search engine marketing (SEM) is a process of increasing traffic from search engines. It consists of two main components – search engine optimization (SEO) and paid search advertising (PSA), and each of them can play a key role in achieving SEM goals. While PSA includes more advertising and marketing activities, SEO is strongly connected with web programming. Choosing the wrong balance between two components often results in failure of SEM campaigns. Furthermore, wrong SEM strategy can do a lot of harm to online resources just like bad advertising campaign can have a negative effect on brick and mortar store sales. The role of SEM in web marketing cannot be underestimated because search engines still dominate in organizing and serving of online information to the people all over the world.

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