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Search Engine Marketing

USA Market Overview
(November 2009)

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1. Introduction

Econsultancy's trends briefing about search engine marketing contains information about market trends and statistics relating to this fast-evolving topic.

The information within this briefing is collated from a range of sources including:

- Econsultancy conferences, supplier showcases and roundtables
- Third party events
- Research carried out by Econsultancy and other organizations

The purpose of Econsultancy's trend briefings (which are free to download) is to provide information relating to the latest trends, best practice, challenges and opportunities across a wide range of digital marketing and e-commerce topics.

<http://econsultancy.com/reports/briefings>

Further reading

Paid Search Marketing (PPC) - Best Practice Guide

<http://econsultancy.com/reports/paid-search-marketing-ppc-best-practice-guide>

Search Engine Optimisation (SEO) - Best Practice Guide

<http://econsultancy.com/reports/search-engine-optimisation-seo-best-practice-guide>

PPC Bid Management Technology Buyer's Guide 2009

<http://econsultancy.com/reports/ppc-bid-management-technology-buyers-guide>

Search Marketing Statistics Compendium

<http://econsultancy.com/reports/search-marketing-statistics>

UK Search Engine Marketing Benchmark Report

<http://econsultancy.com/reports/uk-search-engine-marketing-benchmark-report>



2. About Econsultancy

Econsultancy's reports, events, online resources and training help an international community of more than 80,000 digital marketers make better decisions, build business cases, find the best suppliers, look smart in meetings and accelerate their careers.

Econsultancy, which has offices in London and New York, is an [award-winning online publisher of reports](#) covering best practice, user experience benchmarking, market data, trends and innovation, and supplier selection. Econsultancy is an invaluable resource for internet professionals who want practical advice on all aspects of e-business.

Econsultancy also operates a highly popular [training](#) division, used by some of the world's most prominent brands for staff education, both in-house and via public courses. Econsultancy provides training across all areas of digital marketing and at all levels from one-day courses to an MSc in Digital Marketing.

In addition, Econsultancy hosts more than 100 [conferences and events](#) a year, including the Online Marketing Masterclasses, the annual Future of Digital Marketing conference, the Peer Summit, Roundtables, Briefings and a range of social events.

Econsultancy also runs the prestigious [Innovation Awards](#) where pioneering work carried out in the world of digital marketing and e-commerce is judged by an international panel of experts from companies themselves known for innovation.

The [Econsultancy.com](#) site now attracts 175,000 unique users per month where they access research, read the blog and take part in discussions in the forums. And as a portal to the digital marketing community, Econsultancy members can also link up with other members and digital suppliers through the directories, as well as find a new job or new digital talent using the job listings.

Some of Econsultancy's members include: Google, Yahoo, Dell, BBC, BT, Shell, Vodafone, Yell.com, Oxfam, Virgin Atlantic, Barclays, Carphone Warehouse, IPC Media, Deloitte, T-Mobile and Estée Lauder.

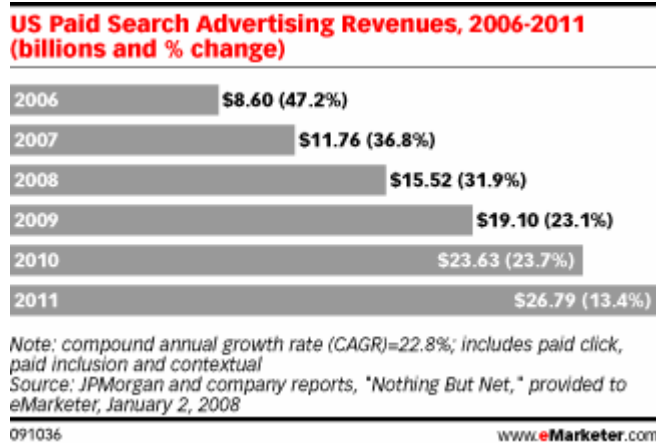
[Join Econsultancy](#) today to learn what's happening in digital marketing – and what works. Call us to find out more on +44 (0)20 7269 1450 (London) or +1 212 699 3626 (New York). You can also [contact us online](#).



3. Market valuation and growth

US Market

According to JPMorgan, the US paid search market (in terms of advertising revenues) is expected to reach an estimated value of more than \$19 billion by the end of 2009. [Source: JPMorgan via eMarketer]



Source: eMarketer.com

According to SEMPO (the Search Engine Marketing Professional Organization):

- In the US, spend on search engine marketing (SEM) amounted to \$13.4 billion in 2008
 - Of this, paid search accounted for 88% of spending (\$11.9 billion)
 - Search engine optimization (SEO) was worth approximately 11% (\$1.4 billion)
 - The remaining 1% (\$141 million) went to the SEM technologies market
- For 2009, SEM spending is projected to rise to \$14.7 billion

UK market

Econsultancy estimates that the total UK market for search engine marketing (SEM) will be worth in excess of £3 billion in 2009. Of this:

- The UK paid search marketplace will grow by 12% in 2009 to a value of £2.71 billion.
- The UK natural search (SEO) marketplace will grow by 14% during 2009 to a value of £376 million.

4. Market trends & developments

4.1. Paid search

- **Budgets increasingly being allocated to paid search**
 - Despite the recession, marketers have turned to paid search because it is a tried-and-tested method of generating leads and sales.
 - Paid search can deliver good levels of return on investment if managed properly.
 - Paid search is relatively easy to set up and manage.
- **More focus on analytics and optimization**
 - Companies have become much more “granular” in their approach to paid search, paying more attention to the intricacies of conversion and landing page optimization, in order to maximize return on investment.
- **Reliance on technology is more apparent**
 - Bid management technology is used to optimize accounts and save resources.
 - Analytics technology is becoming more prevalent among search marketers.
 - Tracking and reporting have been a key focus because of the need for even greater accountability during a recession.
- **Google continues to dominate**
 - Google continues to dominate and repel challenges from other players in the search marketplace. Marketplace developments include:
 - Launch of Bing (as a “decision engine”) by Microsoft.
 - Microsoft and Yahoo agreement in July 2009 which means that Microsoft will power Yahoo’s search engine and Yahoo will sell the ads globally.
 - Google’s recently announced company results¹ demonstrate continued strong growth, despite the global economic uncertainty. The company reported revenues of \$5.94 billion Q3, 2009 - an increase of 7% compared to the same period of 2008.
 - Of this, Google’s financial statements show that revenues from outside of the United States totaled \$3.14 billion, representing 53% of this amount.
- **Emergence of new search tools and platforms**
 - As new tools and platforms emerge, this will mean that new opportunities within paid search will become apparent. Areas where this is likely to happen include:
 - Semantic Search
 - Real-time search
 - Local Search
 - Mobile Search
 - Social Search

¹ http://investor.google.com/releases/2009Q3_google_earnings.html

4.2. Search engine optimization (SEO or natural search)

- **Search marketers harness social media to boost visibility**
 - Social media is increasingly being seen as a valuable opportunity to generate traffic and links.
 - Agencies are expanding their services to meet client demand for social-media related (or integrated) campaigns.
 - The boundaries between different areas of marketing are becoming increasingly blurred, especially as search and social media activity overlap.
 - In October 2009, Microsoft announced a deal which means that Bing can index and search on Twitter in real time. [Google has announced that it will be launching a similar service soon.](#)
- **Focus on new search platforms and tools as search behaviour changes**
 - As with paid search, the resources that are available in the SEO environment are developing with innovations in semantic, real-time, local, mobile and social search.
- **Improved technology and processes help understanding of return on investment**
 - Improved technology is ensuring that it becomes easier to understand and identify the return on investment that is directly attributable to SEO.
 - Client-side organizations are realizing the importance of SEO and ensuring various processes are put in place to support it.
 - Greater insight means that the customer journey can be understood, and Web sites optimized accordingly.
 - Technology can help marketers understand the relationships between SEO and other digital marketing channels.
- **Google continues to evolve**
 - Google is constantly adapting, innovating and implementing changes around how search results are displayed and how Web pages are indexed. Recent examples of this include:
 - Introduction of Google’s “SearchWiki” (where users can customize their search results by re-ranking, adding, deleting and commenting on results).
 - Universal Search (where other online elements are incorporated into the search results, such as video, recent news and images).
 - Testing of “breadcrumbs” (visual navigation that records the user’s path).
 - Google “caffeine” update (an upgrade of Google’s search algorithm).

5. Statistics and data

US Market

- Image search makes up about 5.7% of all Google searches, and "up to 15% of all search is image related" according to Eric Enge, President of Stone Temple Consulting. [Source: [WebProNews](#), August 2009]
- Microsoft's Bing search engine appears to be losing US traffic, despite having originally seen increasing traffic levels from when it launched. [Source: [businessinsider.com](#), October 2009]
 - According to Experian Hitwise, September 2009 saw Bing serving 8.96% of all US searches, a drop from the 9.48% it experienced during August.
 - Google's share of US searches advanced by one percent to 71.08% during September this year.
- The IAB/PwC Digital Landscape Report reveals that the US paid search market experienced a growth of 2% during the first half of 2009. This can be compared to the US online advertising market as a whole which experienced a 5.3% decline of spend during the same period. [IAB/PwC October 2009]
- While referrals to websites from search engines are increasing, the share of paid clicks from that traffic declined by 26% over the last 12 months. In the four weeks to May 9, 2009, 7.25% of search engine traffic to websites was from paid clicks. This compares to 9.84% in the same four-week period in 2008. [Source: [Hitwise](#), May 2009]
- Over 80% of US search ad revenue comes from the top 1.35% of advertisers, according to a recent study of keyword data by SEM Rush. [Source: [SEObook](#), May 2009]
- Overall conversion rate from paid search was 2.03% compared to 1.26% from organic search. The study also found that paid search visitors purchased, on average, more than their organic counterparts. [Source: [Engine Ready via Econsultancy Blog](#), August 2009]
- According to an iProspect survey, seven out of 10 respondents said they clicked a search result within the first page of results, while 92% clicked a result within the first three pages of search results. [Source: iProspect via eMarketer, April 2008]
 - Only 8% of users ventured beyond the third page of results.
 - Over 90% of respondents changed the search term if they did not find what they wanted in the first three pages of search results.
- A study of 1.5 million search queries found 80% of searches can be classified as informational, 10% transactional, and 10% are navigational. [Source: Penn State via Search Engine Land, March 2008]

UK Market

[Source: Econsultancy / Guava UK Search Engine Marketing Benchmark Report, April 2009]

- 43% of companies said that ROI for paid search had increased this year, 15% said it decreased.
 - 45% of survey respondents planned to increase their paid search budget, just 11% planned to decrease spending.
- The number of agencies that are purely involved in PPC has nearly doubled, up from 12% to 22% this year.
- 15% of responding companies said the change in Google's trademark bidding policy had negatively affected ROI from paid search.
 - 37% of respondents said that the credit crunch was an issue, and almost the same number (34%) said that lower conversion rates were impacting paid search ROI.
- Since 2008, there was a significant 8% increase in the proportion of companies who said they are working on their natural search in-house in conjunction with using an agency.
 - The proportion of respondents who say they use agencies is still around 50% but only 11% are now completely relying on this outside support without any internal capability.
- 48% of companies reported that ROI for SEO had gone up in the last year. Only 6% said there has been a decrease in ROI.

[Source: Econsultancy / Guava UK Search Engine Marketing Benchmark Report, April 2009]

6. Resources

Search Marketing Statistics

<http://econsultancy.com/reports/search-marketing-statistics>

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PPC Digital Marketing Template Files

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SEO Agencies Buyer's Guide

<http://econsultancy.com/reports/seo-agencies-buyers-guide>

Econsultancy: the Business Case for PPC

<http://econsultancy.com/reports/sem-paid-search-marketing-ppc-business-case>

Econsultancy: Request for Proposal template (PPC)

<http://econsultancy.com/reports/sem-ppc-advertising-request-for-proposal-rfp>

Econsultancy: the Business Case for SEO

<http://econsultancy.com/reports/sem-search-engine-optimisation-seo-business-case>

Econsultancy: Request for Proposal template (SEO)

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