Complementing Your Marketing Buy with an Online Campaign Using a Second-Tier Pay-Per-Click Search Engine

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Synopsis: 2nd-Tier PPC Search Engines Offers Greater ROI
Marketers have been quick to accept the Internet as an advertising tool, committing the lion’s share of dollars toward Pay-Per-Click (PPC) advertising with industry leaders Google and Yahoo!, which generate nearly 92 percent of the PPC market revenue.

Complementary use of 2nd-tier PPC search engines, however, exposes a marketer’s message to the remaining audience with greater ROI. Advertising with the right 2nd-tier PPC network that follows the industry’s best practices offers the best chance to cost-effectively increase online sales.

The Internet as an Advertising Medium
Since 2000, there has been a 77 percent increase of Americans who use the Internet.

Not only are there more users online, but today’s surfers spend greater parts of their day browsing the Internet. According to Nielsen/Net Ratings, during July 2008, the average web usage per person AT HOME was 34 sessions, totaling 32 hours and 40 minutes on the computer.

AT WORK, the average user logged 65 sessions, totaling 84 hours and nine minutes on the computer. The average number of web domains visited was 123. These figures represent a 13 percent increase from 2006 to 2008 of time at home dedicated to Internet use. Similarly, at work, there was an 11 percent increase of time spent online.

The astoundingly fast and growing acceptance of the Internet as an outlet for shopping, research, news, entertainment and other content forced American businesses to adapt quickly by incorporating the new medium into their marketing plans.

According to the Interactive Advertising Bureau (IAB), in 2007, U.S. marketers spent $21.1 billion on Internet advertising, a 25 percent increase over 2006. During the first quarter of 2008, the IAB reports
that Internet advertising revenues reached $5.8 billion, an 18.2 percent increase over the same period in 2007.

**PPC Advertising Leads the Way**

According to eMarketer, since 2003, the largest slice of online advertising in the U.S. is accounted for by pay-per-click.

Since 2000, when paid search advertising in the U.S. was at $108.5M, there has been a 76-fold increase in category spending through 2007.

Although percentage growth of PPC spending has remained nearly level since 2003, this fact is obscured
by the exponential growth of overall Internet advertising spending. In fact, spending on PPC alone in 2008 will exceed the $9.626 billion that was spent for online advertising in 2004.

Search Engines Drive Traffic
Like the first television viewers were limited to just three networks (thus exposed to the networks’ advertisers’ messages), the early days of the Internet produced only a few dominant players: Google, Yahoo!, MSN and Ask. However, as both sales-oriented mediums matured, new outlets entered the arena.

Just like there was sufficient audience for more television content, the chart below shows that web surfers do not use Google, Yahoo!, MSN and Ask exclusively. It is also proof that web surfers often “change channels,” using more than one search engine during any given month.
Another statistic from eMarketer shows that Google and Yahoo! currently dominate the PPC market, commanding a collective 91.9 percent segment share.

According to Nielsen Online, Google and Yahoo! also claimed 60.2 and 17.4 percent, respectively, of all U.S. Internet searches conducted during July 2008. That means 22.4 percent of searches are performed elsewhere.

**Exposing Your Message to that 22.4 Percent**
To build or uphold your brand, a PPC presence on Google and Yahoo! is a valid advertising expenditure. A tremendous amount of traffic can be generated by these industry leaders.

However, with 91.9 percent of PPC advertising revenue committed to just 77.6 percent of the Internet searches performed, there is a strong case to be made for supplementing this expenditure with cost-effective, 2nd-Tier PPC networks to target what the big boys leave on the table.

**Affiliate Sites Generate Traffic for PPC Networks**
In its simplest form, PPC requires paying for a prospect to visit your site. To accomplish this, 2nd-tier PPC search engines analyze web searches, collect related links and direct traffic to advertisers’ sites from other search engines and websites with unique content ranging from medical information to shopping portals and everything in between.

One example of an Affiliate website is to provide a service for shoppers to compare prices and features for specific types of products. These websites do not sell products, but gather the data for comparison and link to retailers from which a product can be purchased. Another model of an Affiliate site could be a listing of local service providers, a directory of related product distributors, an index of manufacturers’ websites and links to prevailing building codes.

Regardless of the model, for each click to the PPC advertiser’s site, the Affiliate is paid by the 2nd-tier search engine for delivering traffic. In turn, the advertiser is charged by the search engine the amount it agreed to pay per click.

One of the benefits to partner with 2nd-tier PPC search engines is to remain autonomous. The owner of the Affiliate website is free to create its own brand because the search technology can be private labeled. This goes a long way toward enticing loyalty by its readers, thus encouraging repeat visitors, hence, quality traffic for advertisers.
Higher ROI for 2nd-Tier PPC Advertisers

When a company has a PPC agreement with any search engine, they have submitted bids to have their site listed among query returns for certain keywords. The higher the bid price (compared to competitors' bids for the same keyword), the higher the placement will be in the search return lists.

There is no question that the level of traffic generated from a 2nd-tier PPC campaign is much lower than what Google or Yahoo! can produce. That’s why the going bid rates for keywords on 2nd-tier search engines are correspondingly lower.

What many advertisers do not realize is that 2nd-tier PPC search engines often provide a much better return on investment (ROI). After all, most marketers would agree that the online origin – Google or a 2nd-tier PPC site – of a surfer makes very little difference after a sale has been closed. Cost-conscious marketers not only care about the price paid to bring surfers to their sites, but also the cost to close the sale compared to their gains. In short, the higher the ROI, the better. Research conducted by Rich Leino of WebsiteMaven.com provides insight into the actual ROI generated through different PPC networks.

Leino’s Research was performed by following clicks from each PPC network and tracking these through to a conversion. (A conversion is usually a sale but can be anything that the website owner desires for the user to do: register for a newsletter, join a forum, participate in a contest, etc.) In Leino’s table, “Gain” is calculated by subtracting the “Cost” from the “Income.” “ROI” is calculated as a percentage of Gain divided by Cost. (An ROI of 100% means that for every $1 cost, there was $2 in income.)

Using the method of assigning a value to a successful conversion and tracking the cost for each click that comes from a PPC network, marketers can determine the average cost for each click, as well as how much income, on average, each click generated. (NOTE: Keyword popularity, bid values and the cost of a product are variables that alter results.)

As the table indicates, “success” in terms of clicks does not equate directly to cost-effective marketing in terms of ROI. For example, a company that sells residential mailboxes for $50 probably should not be paying $8 per click. However, a manufacturer of $2,750 mailboxes for large condominiums could justify this price per click because their potential gain is much greater.

What to Look for in a 2nd-Tier PPC Network

When choosing a 2nd-tier PPC search engine, it is important for site owners to receive a comprehensive review of their online business needs with a PPC expert. This includes looking at the site itself to determine “landing points” to best facilitate a conversion, or desired user action.
The next step is selecting and bidding on keywords that best describe the site content. Although marketers are intimately familiar with their products and services, this process requires innovative tools that inventory websites related to specific keywords, as well as other data. With this information, marketers can see the mindset of the surfer and choose terms that will lead them to their site cost-effectively. Also, a PPC network that enables real-time tracking of keyword bid prices can help a site maintain its positional ranking as the popularity (and price) of a search term increases.

Once keywords are chosen and the site is prepared for the PPC campaign to begin, the owner must then fund an account to pay for clicks directed to their online property. Pending the expected activity and the bid price for clicks, an initial investment can be as low as $25 in some cases.

To minimize erroneous clicks by prospects that probably will not purchase from a company that caters to customers in a defined local area, 2nd-tier PPC advertisers can take advantage of text descriptions of their site to state their location.

Consider the search term “exotic car repair + Belleville.” Because keywords are recognized by search engines, a repair shop for exotic automobiles located in Belleville, IL, should identify the company’s suburban St. Louis location in its description so prospects near Belleville, NJ, will bypass their listing. Similarly, advertisers have the option to refuse or allow traffic from certain countries so to avoid unwanted clicks from people in locations a company does not serve. As such, prospects from Belleville, Ontario will not be shown links for the above-mentioned repair shop if the Midwestern service provider chooses to exclude searches from outside of the U.S.

After these preliminary steps are taken and the campaign begins, the relationship with your PPC network should not end. Online tools will vigilantly track generated traffic and identify sites from which it came.

To allow site owners the chance to test the campaign’s performance, account management tools give the ability to tweak keywords, choose variations and bid on new terms to find the combination that delivers the best ROI. If a site owner prefers one-on-one contact with a PPC expert, it is important that phone access to real people is available at no cost. Plus, some PPC networks have set up portals for site owners to chat online privately to discuss their needs.

Another on-going responsibility of the PPC search engine is to fight against – and in some cases – make retribution for – fraudulent clicks that can drain a site’s PPC funds. A strong fraud detection team must be in place, which requires a commitment from the PPC network to police its Affiliates. If the PPC network is not willing to protect an advertiser’s investment into the campaign, this is a good indication of the type of traffic that can be expected.

Ultimately, all of these factors equate to providing quality traffic so that advertisers receive the best ROI for their promotional dollar.

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