



SMARTSEARCH
marketing

Search Engine Marketing Industry Report

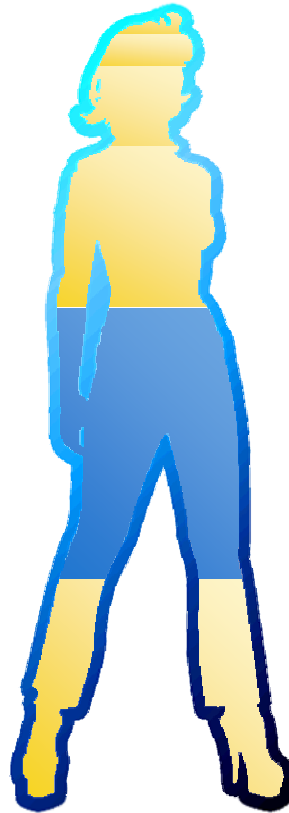
April 2007

Search Marketing – Industry Facts

1. Consumer behavior
2. US Media spend
3. Shifting budgets
4. Online advertising growth
5. Online spend by channel
6. Search marketing growth
7. Search ad results
8. Search marketing goals
9. Cost-per-lead comparison
10. Conversion comparison
11. How people search
12. Where people search

Consumer Behavior is Changing

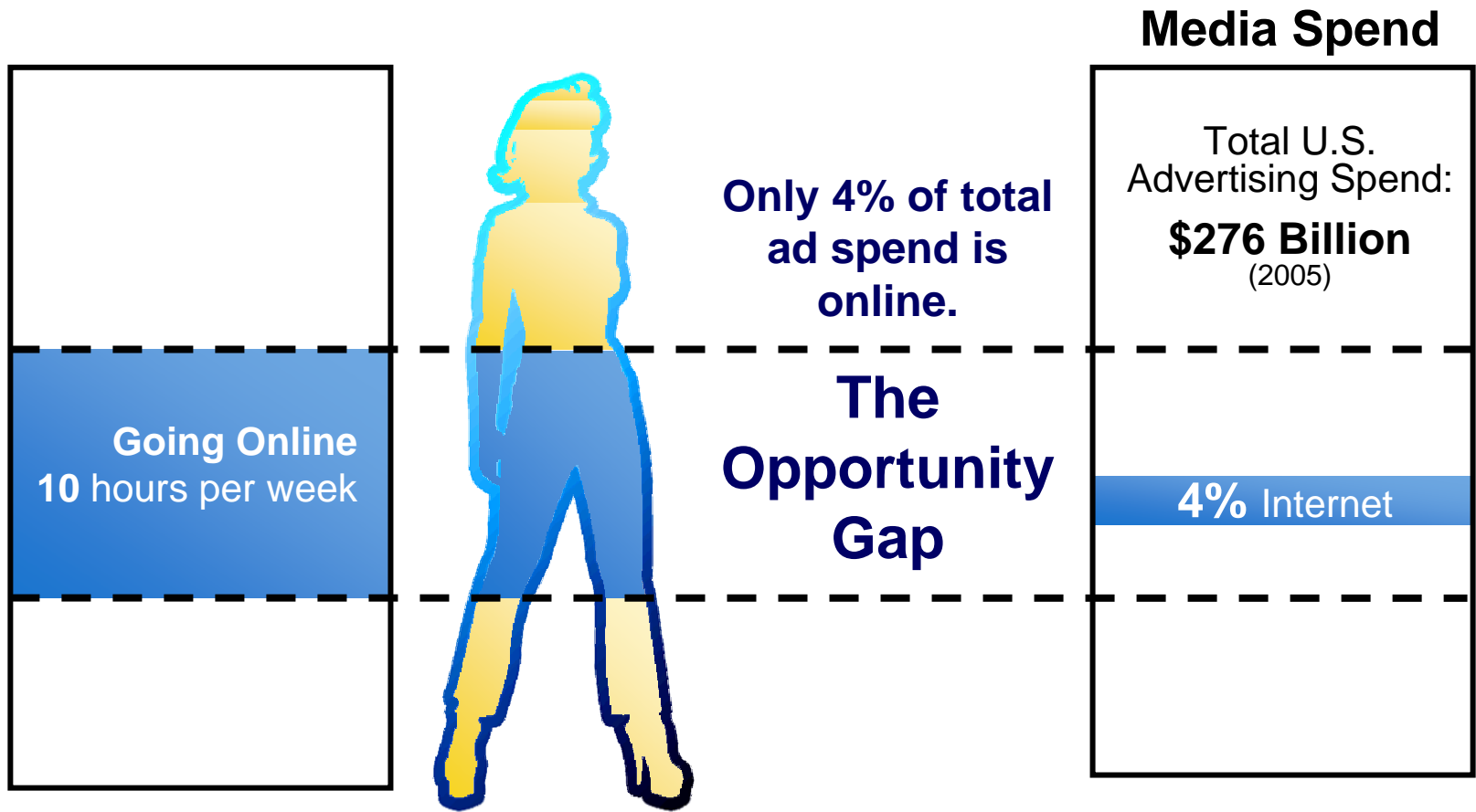
Media Consumption



People now spend just as much time online as watching TV

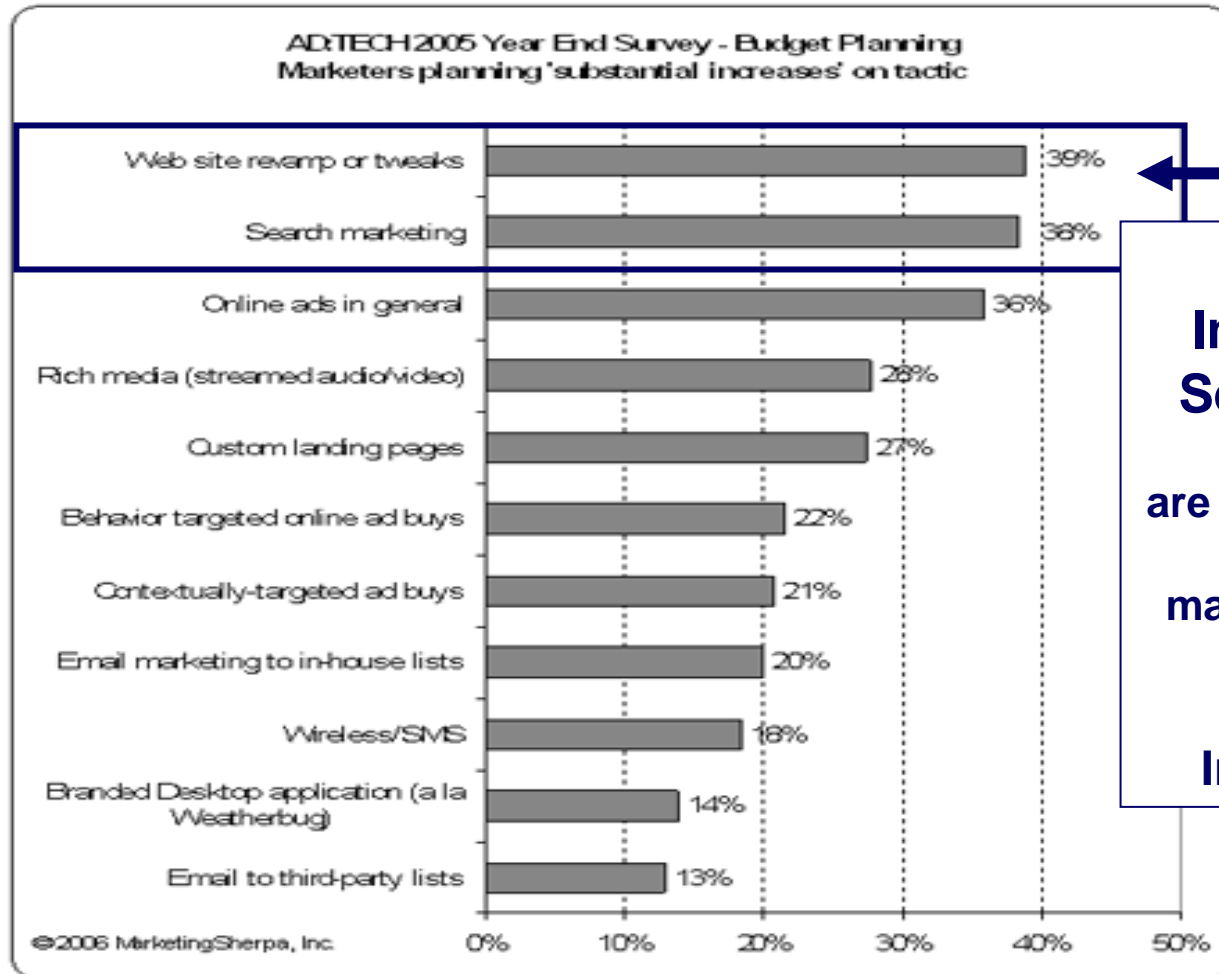
Source: Universal McCann & Jupiter Research

Media Budgets Are Lagging



Source: Universal McCann & Jupiter Research

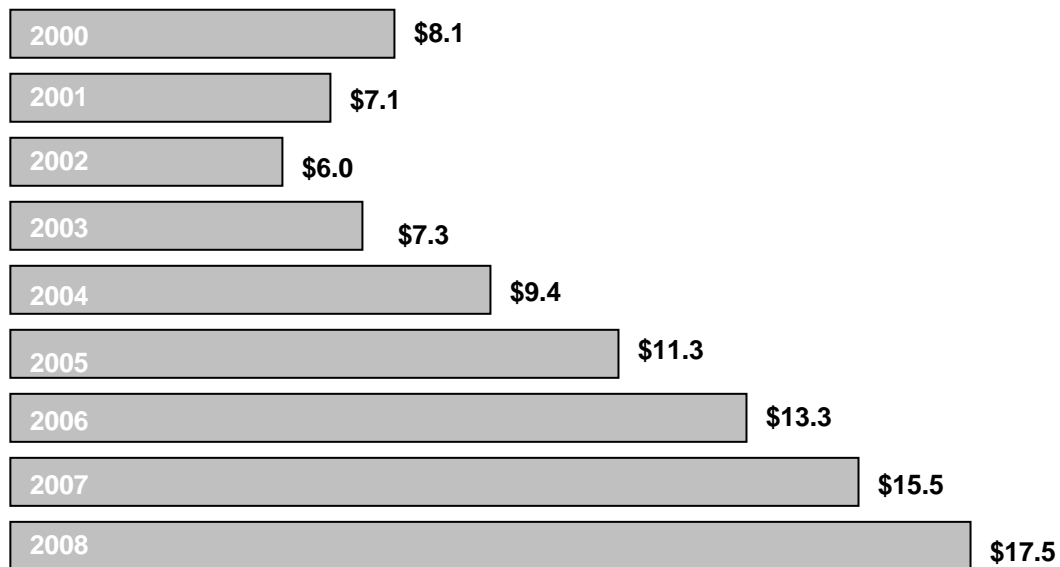
Budgets Are Starting to Shift



Website Improvements & Search Marketing
are the two most popular categories where marketers are planning
“Substantial Increases” in 2006

Online Advertising is Growing

US Online Ad Spending, 2000-2008 (in billions)



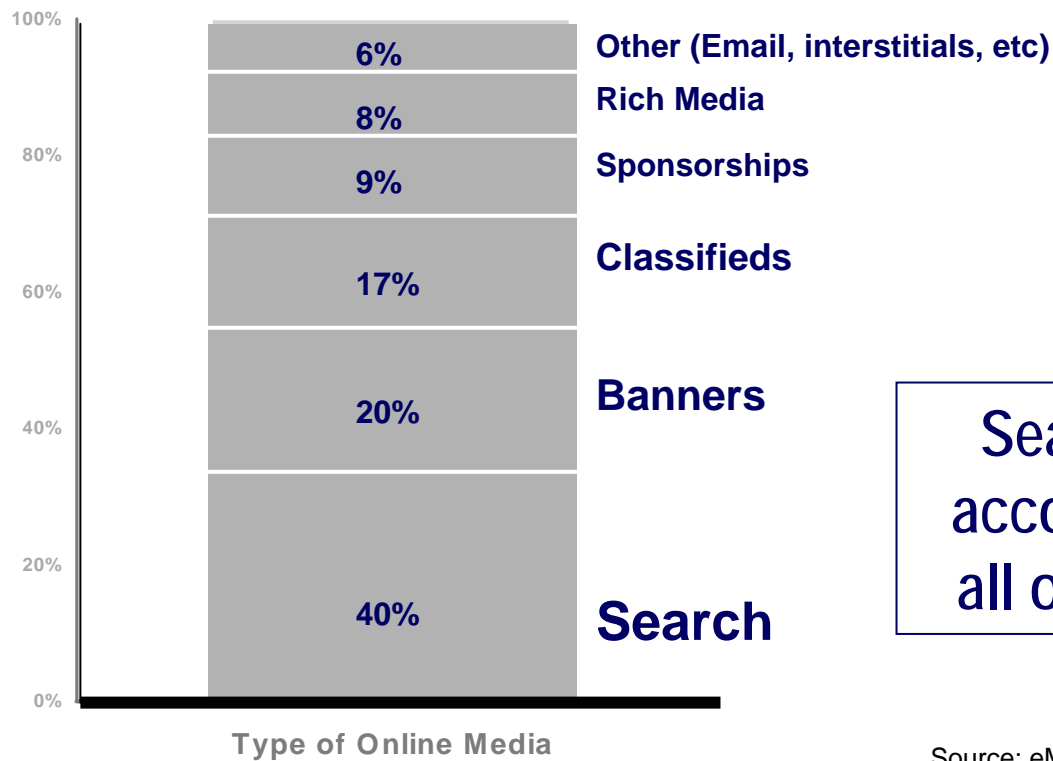
Source: eMarketer

After a downturn in 2001/2002 the online ad industry is booming.

Researchers, investment banks and media gurus all predict continued strong growth for the next three to four years.

Majority of Online Going to Search

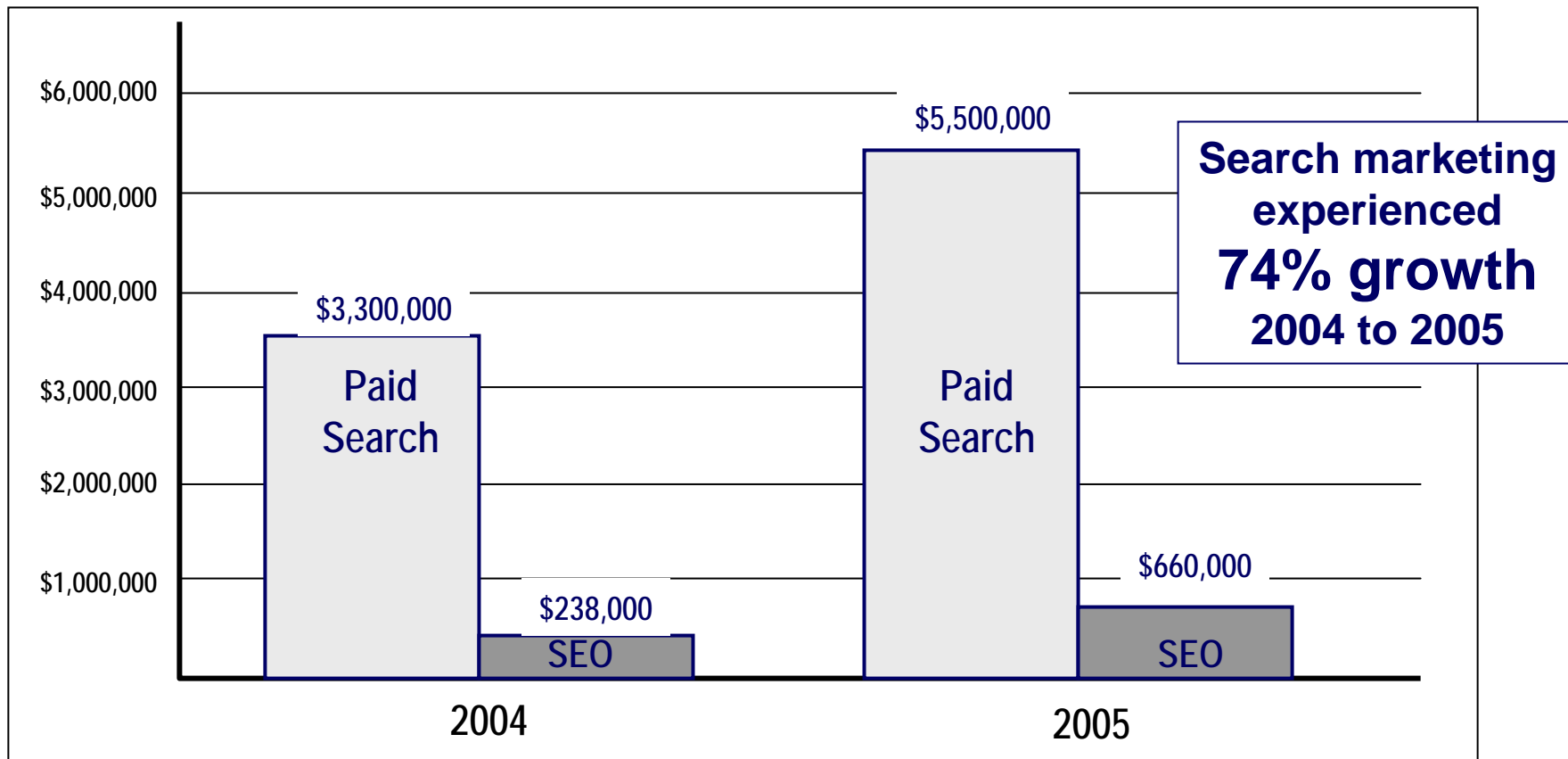
Online Advertising - By Channel



Search marketing
accounts for 40% of
all online ad spend.

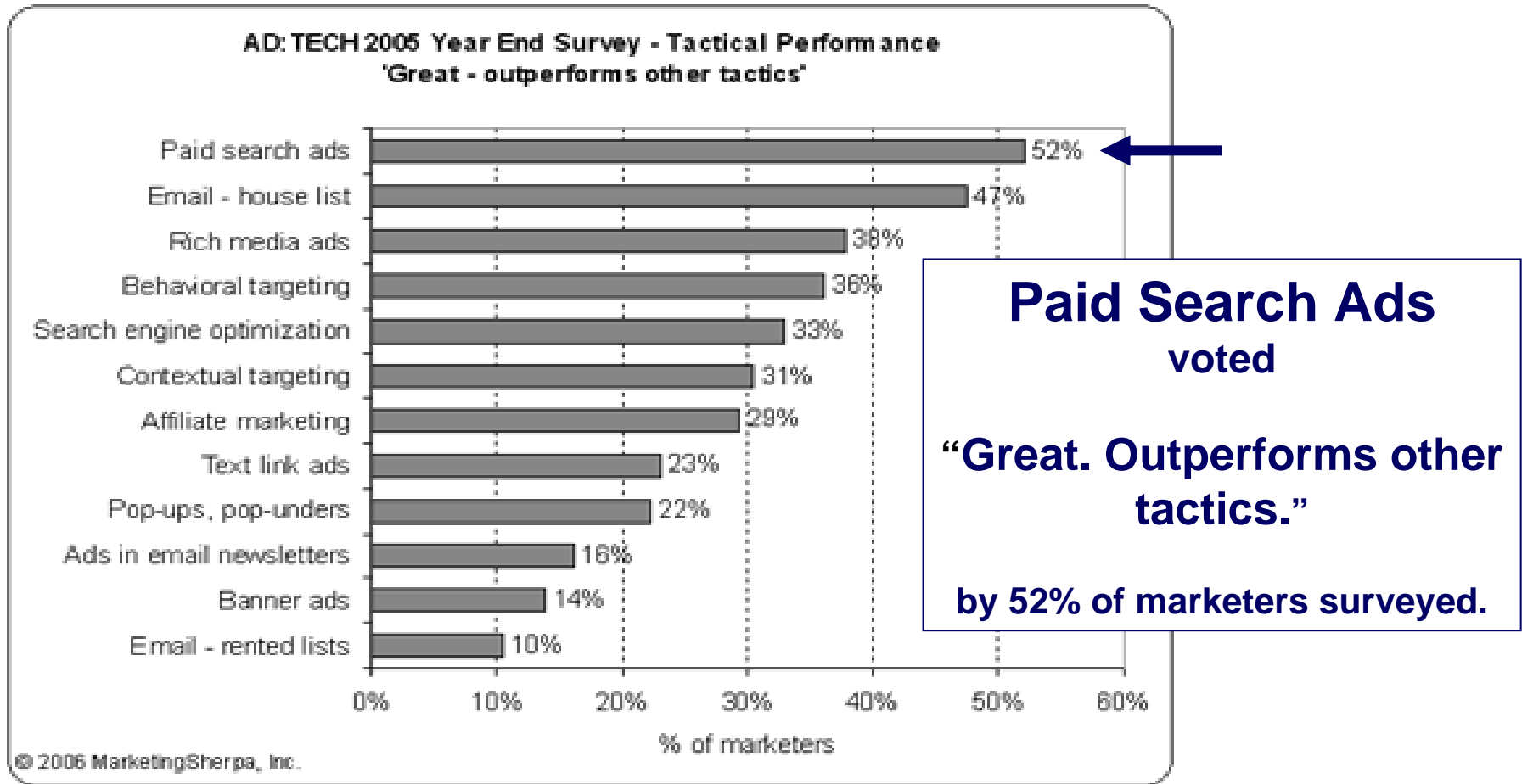
Source: eMarketer

Search Marketing Growth



Source: Marketing Sherpa. Search Marketing Benchmark Survey, Aug 2005 and Merrill Lynch, Internet Advertising Report, June 2005

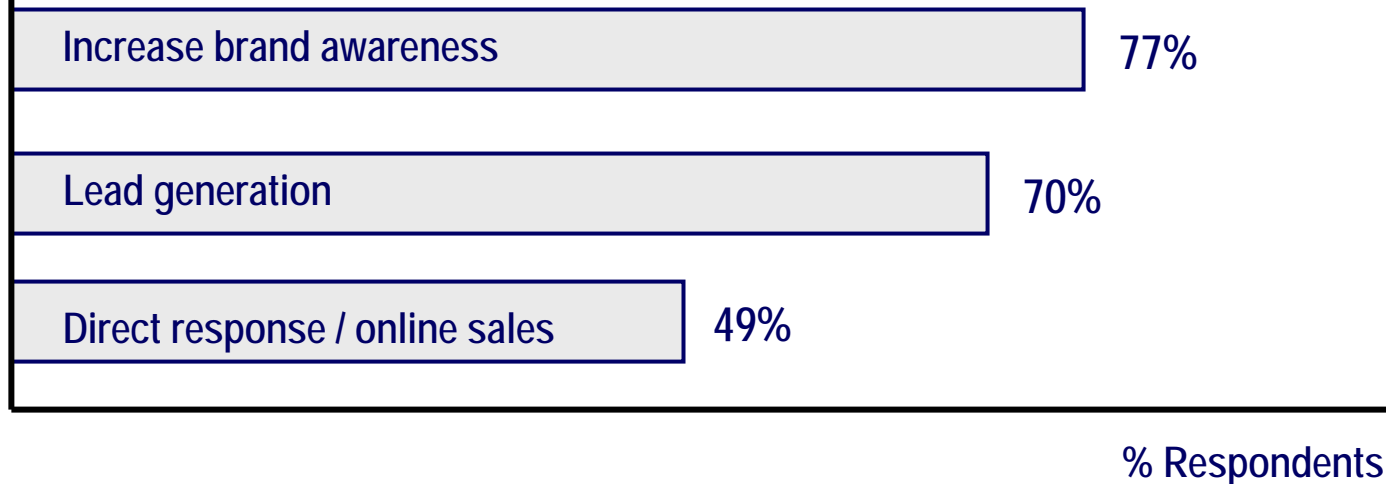
Paid Search – Top of the “Great Performers”



Search Engine Marketing Goals

Branding and lead generation are the primary search marketing goals followed by direct online selling (at companies with over 500 employees).

Marketing Goal



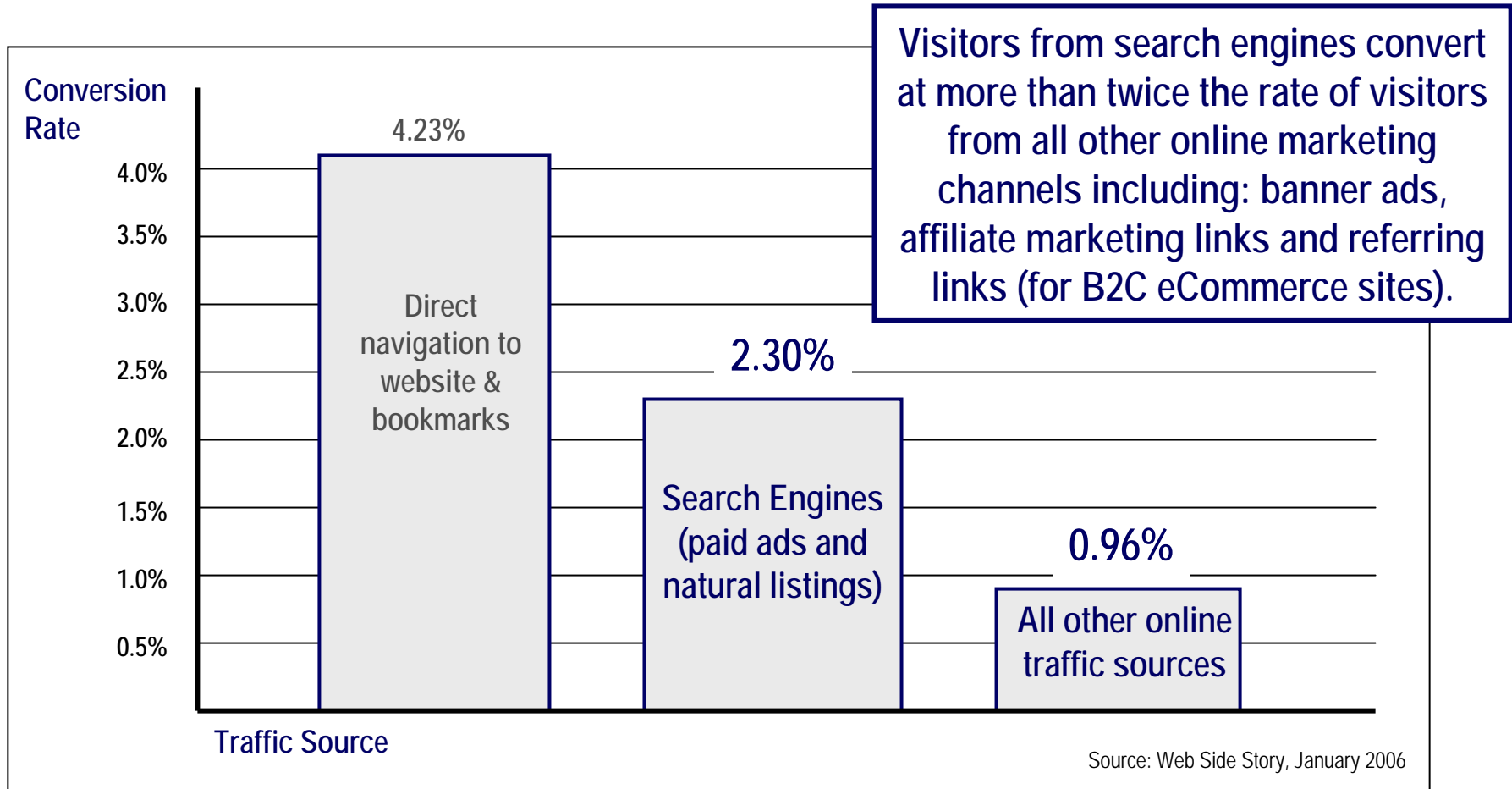
Source: Search Engine Marketing Professional Organization (SEMPO) 2005

Search Offers Lowest Cost-Per-Lead



Source: Safa Rashtchy, US Bancorp Piper Jaffray

Conversion Rate By Traffic Source

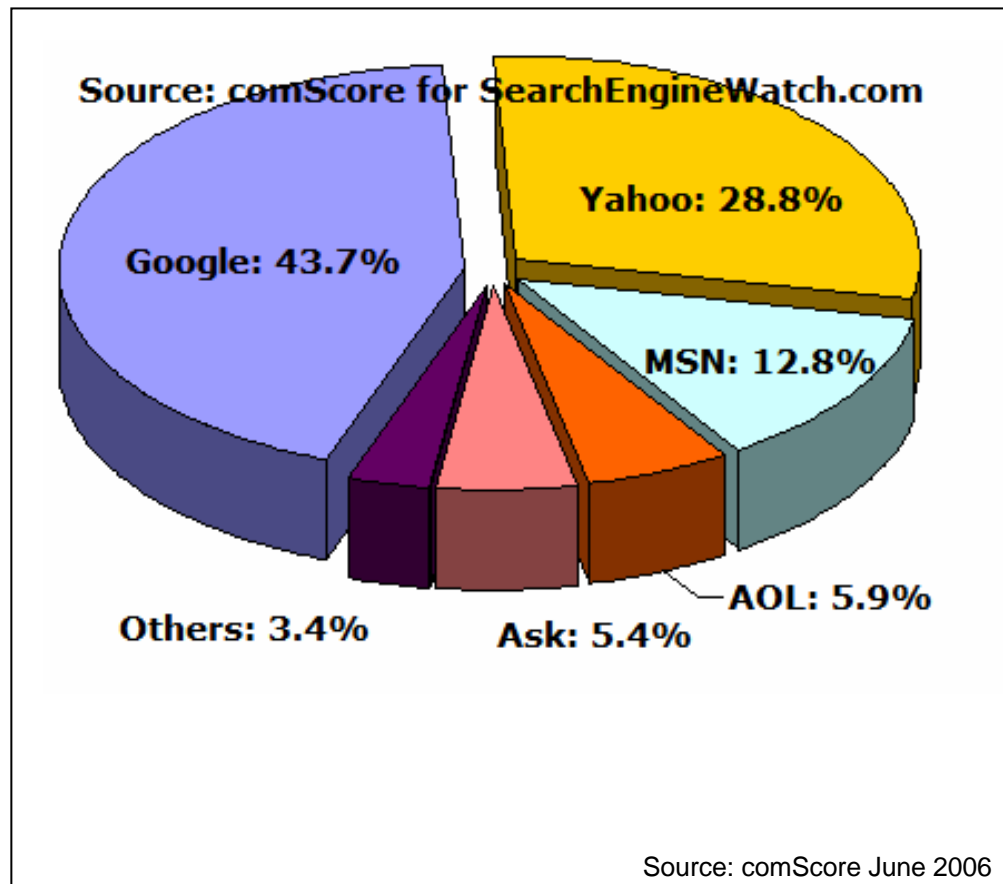


How Do People Search?

- Search is the second most popular online activity, behind email.
- 53% of US online adults use search engines most or every time they are online.
- Top search activities:
 - Research specific topics
 - Directions and maps
 - News or current events
 - Shop: Research/Compare/Buy
 - Entertainment information

Source: iCrossing 2005

Where Do People Search?



The top 5 search networks

Google, Yahoo,
MSN, AOL & Ask

reach 98.5% of
the total US
search market.

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