BENCHMARK REPORT

2012 Search Marketing PPC Edition

Research and Insights on Extending the Capabilities of Paid Search

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2012 Search Marketing Benchmark Report – PPC Edition

Research and Insights on Extending the Capabilities of Paid Search

Author
Kaci Bower, Research Analyst

Contributors
Meghan Lockwood, Research Analyst
Sergio Balegno, Director of Research
Jen Doyle, Senior Research Manager
Boris Grinkot, Associate Director of Product Development
Adam T. Sutton, Senior Reporter
David Kirkpatrick, Reporter

Production Editor
Brad Bortone, Senior Copy Editor

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EXECUTIVE SUMMARY

NEW RESEARCH AND INSIGHTS ON EXTENDING THE CAPABILITIES OF PAID SEARCH

The *2012 Search Marketing Benchmark Report – PPC Edition* looks at the role of PPC in organizations and explores how marketers are using – and not using – various tactics (including social, local and mobile) to extend the capabilities of their PPC campaigns.

PPC has historically been about traffic, conversions and leads. Given this focus on achieving and increasing measurable ROI, marketers seem willing to execute difficult PPC tactics because they are effective. Split testing landing pages is one notable exception. Organizations may be shortchanging their PPC campaigns by not continuing their tactical efforts through to their landing pages.

Local search poses another untapped area of opportunity. Local search is the buzz in search engine optimization, and it is also making a stir in the PPC arena. From AdWords Express, to location and phone ad extensions, marketers are able to give searchers richer experiences through their PPC ads. Despite these capabilities at their disposal, many marketers with local business listings tend to underutilize these local "paid search" options.

Similar behavior can be seen with mobile PPC. Although many marketers have *enabled* their PPC campaigns for mobile, a large percentage have not *optimized* their PPC campaigns for mobile. Businesses that find success keep the mobile user in mind with respect to keywords, copy and the site itself, and do not simply replicate traditional PPC campaigns.

Benchmark Report

MarketingSherpa Benchmark Reports provide marketing executives and practitioners the comprehensive research data and insights needed to compare an organization's practices and performance against industry benchmarks in order to guide strategic decisions and tactical planning.

Organized for fast and easy reference

The *2012 Search Marketing Benchmark Report – PPC Edition* is a comprehensive reference guide containing more than 125 charts with analytical commentary, hundreds of informative insights from your marketing peers, several case studies of real-life paid search marketing campaigns, and a special section on landing page optimization. To help you quickly locate the information most relevant to your marketing situation, we have segmented data throughout this report by: Average of all respondents; phases of PPC marketing maturity; primary marketing channels; organization size; and key industry sectors.

Highlights of this year's study

- The alignment of paid search marketing objectives against the most difficult challenges
- The usage, effectiveness and level of effort required for PPC tactics
- How organizations are allocating marketing dollars and where they are shifting their efforts
- Where marketers are underutilizing local and mobile PPC
- Most effective advertising networks and ad formats
- How agencies contribute to their clients' PPC marketing efforts

KEY FINDING: INCREASING TRAFFIC VIEWED AS SOLUTION TO LEAD AND ROI CHALLENGES

Chart: Ranking of PPC challenges against PPC objectives

	Challenges from last 12 months	Objectives for next 12 months
Increasing lead generation	56%	62%
Achieving or increasing measurable ROI	56%	50%
Increasing website traffic	39%	63%
Developing an effective and methodical strategy	38%	23%
Increasing online sales revenue	31%	57%
Improving brand/product awareness or reputation	29%	46%
Integrating search marketing data with CRM and other marketing systems	25%	15%
Integrating search marketing analytics into a single dashboard	19%	18%
Increasing offline sales revenue	18%	24%
Improving public relations	8%	6%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Organizations struggled over the last 12 months with generating leads at an acceptable and growing ROI; as such, more than half of marketers named these areas as their top two challenges. The answer to these challenges – from their perspective – is to increase website traffic. Nearly two-thirds of marketers named this initiative as their top objective for their PPC campaigns over the next 12 months.

Increasing a measurable ROI may be fourth on the list for objectives, but ROI shows up as a running theme in the more prominent objectives of increasing leads and online sales revenue. Sixty-two percent of organizations are focusing on generating more leads, with 57 percent pushing for more online sales.

Once again, as with SEO, developing an effective and methodical strategy was the third biggest challenge; however, addressing this fell to the fifth spot in terms of PPC objectives for the upcoming 12 months.

KEY FINDING: DIFFICULTY IN EXECUTION OF PPC TACTICS IS NOT A BARRIER TO USAGE

Chart: Three-dimensional view of PPC tactics, with sphere size indicating level of usage
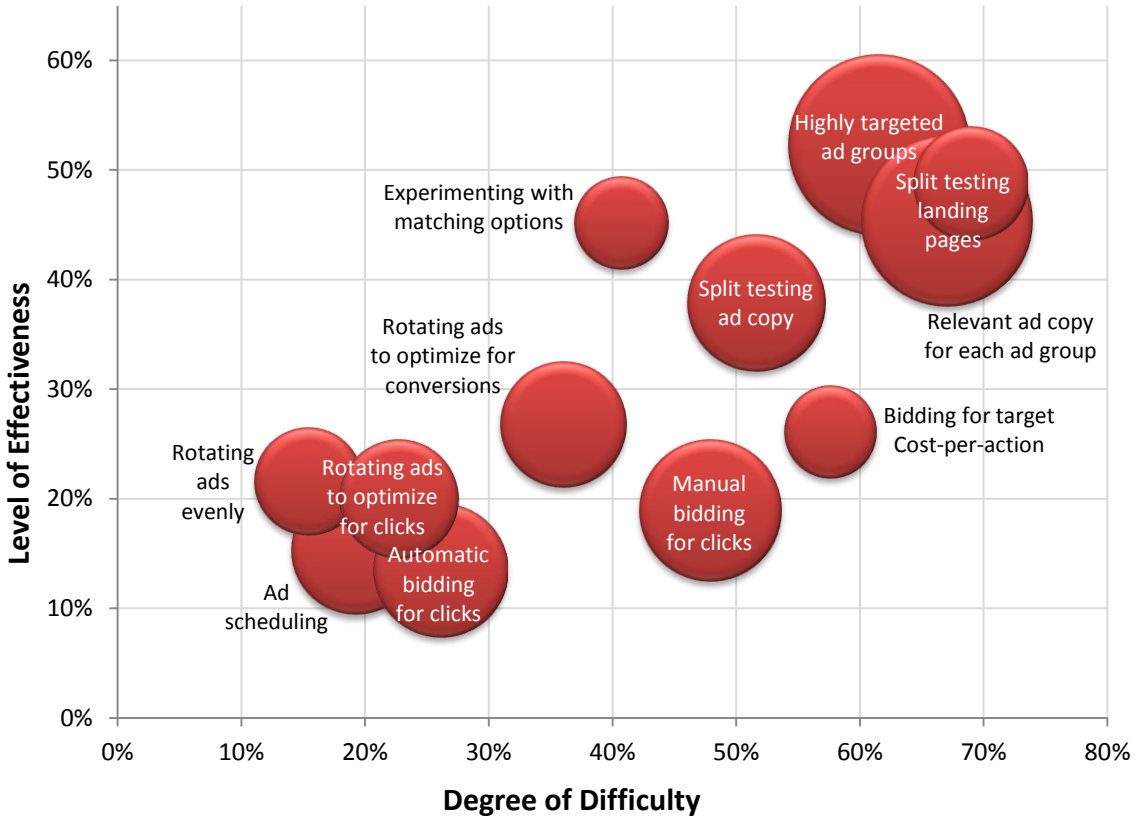
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

"Taking the easy way out" is not the modus operandi for PPC marketers. Given their focus on achieving and increasing measurable ROI, marketers are willing to execute difficult PPC tactics because they are effective. For example, 82 percent of marketers are creating highly targeted ad groups. This high degree of execution comes despite 63 percent of them stating that dividing keywords into small, highly relevant ad groups requires fair to significant amounts of time, effort or expense. In close relation to this tactic, 74 percent are writing relevant ad copy for each ad group, despite 67 percent finding this tactic somewhat or very difficult.

More marketers perform split testing of their ad copy than split testing of their landing pages. Split testing landing pages is a tactic employed by just 33 percent of organizations, despite nearly 50 percent finding this to be very effective in achieving marketing objectives. This tactic was viewed as the most difficult, with 31 percent finding it very difficult and an additional 41 percent finding it somewhat difficult.

Experimenting with matching options poses an opportunity for marketers, given its higher levels of effectiveness, but lower usage. Only 22 percent of organizations currently try this, yet twice that amount deems this to be a very effective tactic.

KEY FINDING: PAID SEARCH DRIVES ONE-THIRD OF INBOUND WEB TRAFFIC ON AVERAGE

Chart: Percentage of inbound traffic from paid search
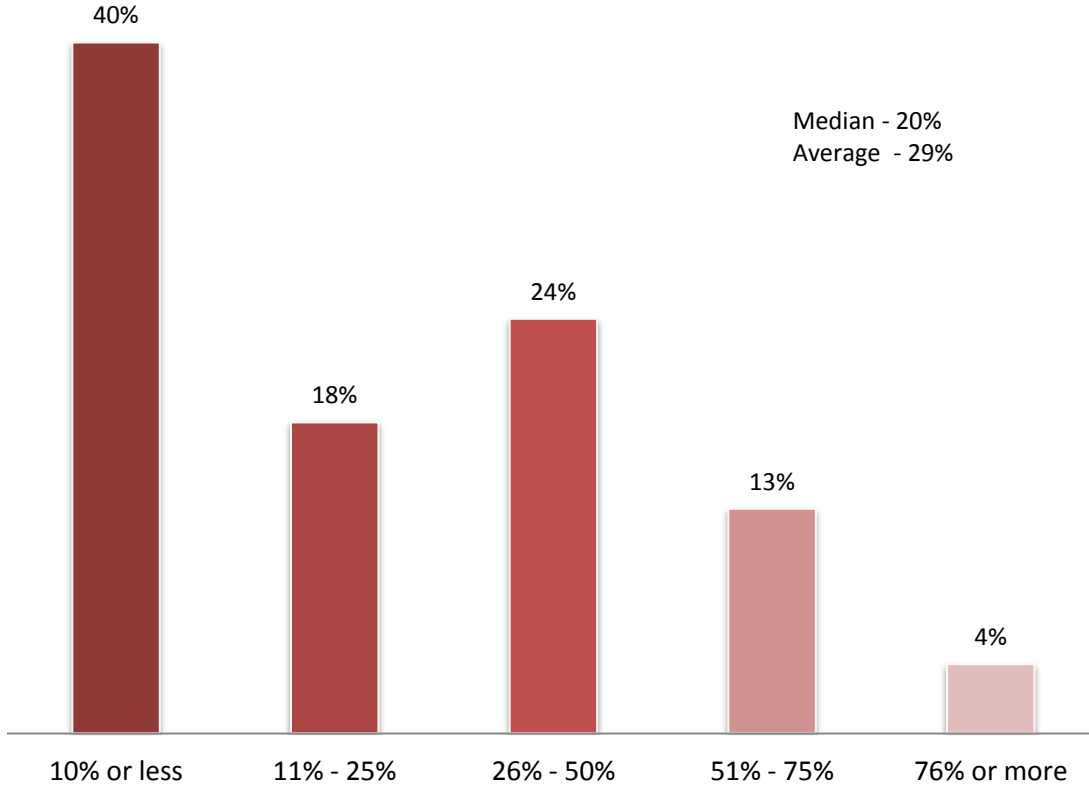
Median - 20%
Average - 29%

40%

24%

18%

13%

4%

| 10% or less | 11% - 25% | 26% - 50% | 51% - 75% | 76% or more |

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Increasing Web traffic is the number one objective for PPC marketers. On average, paid search campaigns account for nearly 30 percent of inbound Web traffic. However, 40 percent of organizations receive less than 10 percent of their Web traffic through paid search. If an organization's goal for its site is traffic – perhaps publishers selling CPM ad space – lower levels of traffic may not spell success.

PPC traffic can convert at a higher rate, particularly when a campaign has been tested and well optimized to discover which keywords convert to sales. PPC is also a great choice for regulating traffic volumes. For example, if an organization has empty sales pipelines, a limited sales season, or time-sensitive promotions, PPC can be used to push traffic, or strike while demand is high. Unlike SEO, which takes time to build rankings, sponsored ads immediately establish an online presence, require no real ramp-up time, and more quickly generate ROI. PPC also offers numerous targeting advantages, such as the opportunity to display for keywords that are difficult – or even impossible – to rank for in natural search results.

"Our primary objective for PPC is traffic generation, and we focus as closely as possible on maintaining a low CPC. We live and die for the long tail." – Marketer insight

Key Finding: PPC and SEO work together to bring in leads

Chart: Percentage of total lead volume from paid search versus SEO

■ % Total Leads from PPC   ■ % Total Leads from SEO

	10% or less	11% - 25%	26% - 50%	51% - 75%	76% or more
PPC	40%	18%	24%	13%	4%
SEO	23%	23%	21%		14%
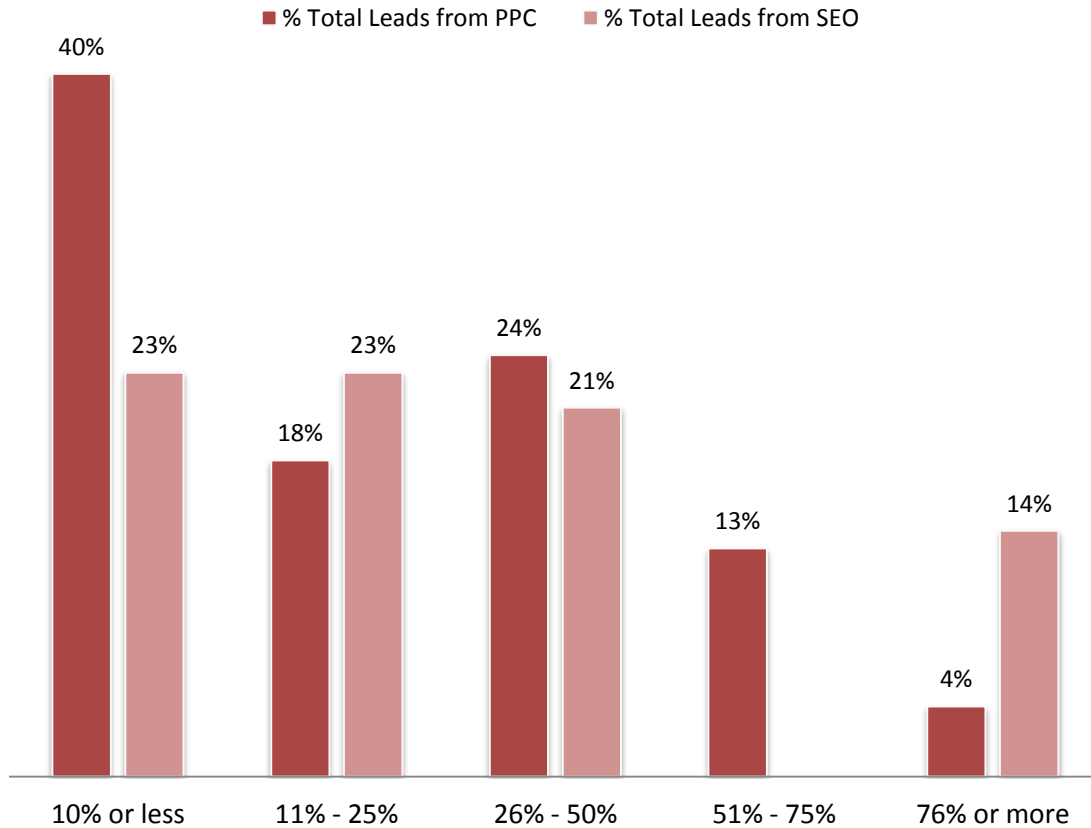
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

While most online marketers agree that SEO and PPC are both essential in search engine marketing, many favor one over the other. However, PPC and SEO do complement one another, and the combination of the two can produce results. In this chart, we see that 45 percent of marketers obtain between 25-50 percent of total leads from PPC and SEO. The more real estate a company commands on a search engine results page (SERP), the better the recognition, trust, and ultimately clicks it will receive. In fact, users will typically click an organic listing up to three times as often as a sponsored ad. As such, using both SEO and PPC covers all angles.

"We use PPC to analyze traffic potential for SEO. We don't use PPC as a marketing tool in itself." – Marketer insight

SEO takes time to develop. Getting and staying in coveted top spots can bring about extended flows of traffic, leads and revenue for the long term. In the meantime, PPC is a quick traffic generator. But its contribution doesn't end there. PPC enhances SEO in a number of ways. For instance, marketers can use PPC to find out which keywords actually drive traffic and convert – including valuable long-tail keywords – before pouring time and resources into search engine optimization. Using PPC, marketers can also split test landing pages, calls-to-action, and ad copy for eventual use in meta descriptions.

KEY FINDING: ORGANIZATIONS WITH LOCAL PRESENCE ARE UNDERUTILIZING "LOCAL PPC"

Chart: Local search tactics used by the 37 percent of organizations with a local business listing

Q. Which of the following local business listing tactics has your organization used for local search?

Reintroduced as AdWords Express
- Google Tags — 47%
- Google Boost — 11%

- Phone number included with listing — 81%
- Listing description optimized with target keywords — 60%
- Images added to listing — 48%
- Listing enhanced with custom details — 48%
- Listing associated with a range of related business categories — 43%
- Videos added to listing — 20%
- Coupons added to listing — 16%
- Mobile coupons added to listing — 5%
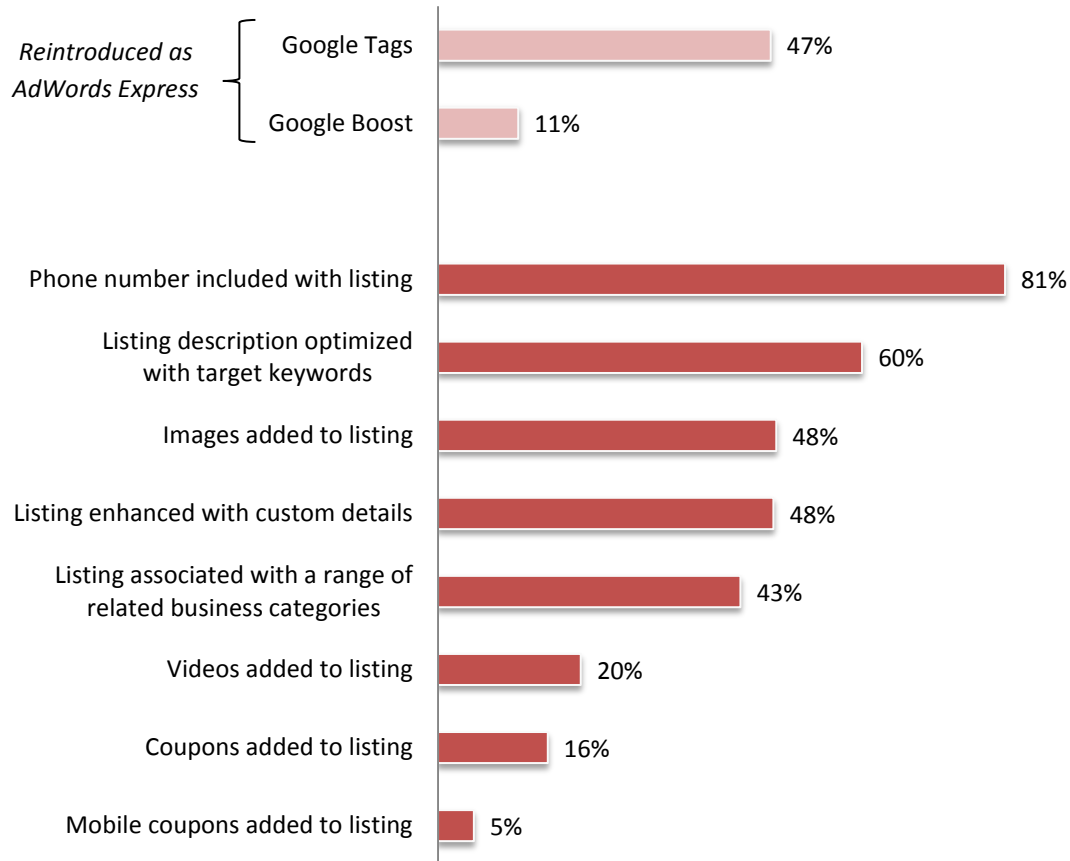
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Thirty-seven percent of organizations have claimed a local business listing. Of these, most are not taking full advantage of the available options for local business listings, particularly when it comes to how local business listings can be used in PPC advertising. One indication of this underutilization is Google Tags and Google Boost usage. Although Google Tags and Google Boost have recently been retired (replaced for all practical purposes by Google AdWords Express), less than half of surveyed organizations with a local business listing had been making use of these local "paid search" options.

Programs such as Google Boost typically drive a searcher back to the local business listing (e.g. Google Places page), so optimizing the local business listing is equally important. The vast majority of those with a listing, namely 81 percent, do include a phone number. Stopping there, however, is about as effective as a phone book listing. Only 48 percent of organizations enhance their basic listings with images or custom details – great opportunities to personalize a listing. In a similar vein, only 20 percent of organizations have added videos to their listings. Offering coupons lags the most in usage as only 16 percent of organizations with a local business listing offer coupons, with just five percent featuring mobile coupons.

Key finding: Mobile-enabled PPC campaigns are not being optimized for mobile

Chart: Mobile search tactics for PPC are not widely exercised

Q. Which of the following mobile search tactics is your organization currently employing?

Tactic	Percentage
Mobile version of your website	48%
Paid Search campaigns enabled to show ads on mobile devices	42%
Landing pages for mobile users	32%
Separate Paid Search mobile campaigns and ad groups	19%
Mobile-specific messaging, keywords and bids	17%
Click-to-call phone extension in Paid Search ads	16%
Location extension in Paid Search ads	11%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Mobile search operates, in large part, on the premise that on-the-go users may be looking for immediate information upon which to act. Only 48 percent of organizations have created a mobile version of their website – a critical component for a positive search user experience.

When it comes to "mobile PPC" specifically, less than half of organizations have enabled PPC campaigns to show on mobile devices. An even smaller percentage have taken the complementary steps involved in optimizing a mobile campaign. For example, only 32 percent of organizations have created landing pages for mobile users, opting instead to use their regular landing pages. Even if these were to "work," not everything about a PPC campaign designed for desktop browsers can be used for mobile. Mobile users behave differently than computer users; therefore, the process for reaching them through search should be different, as well. Nevertheless, just 19 percent have established separate PPC mobile campaigns and ad groups, and only 17 percent are using mobile-specific messaging, keywords and bids.

CHAPTER 1: THE STATE OF PPC MATURITY

Paid search has been a marketing tactic for more than 10 years. Despite its long history, only one-third of organizations follow a formal process with thorough guidelines for planning, executing and measuring the performance of their PPC campaigns. For those that lack a detailed process for their campaigns, the devil is in the details, as successive charts throughout this report will repeatedly demonstrate.

ORGANIZATIONS EVENLY SPLIT ACROSS PPC MATURITY PHASES

Chart: Organizations with a process for planning, executing and measuring PPC programs

Q. Which statement best describes the process your organization uses to plan, execute and measure the performance of your PAID SEARCH (PPC) programs and practices?
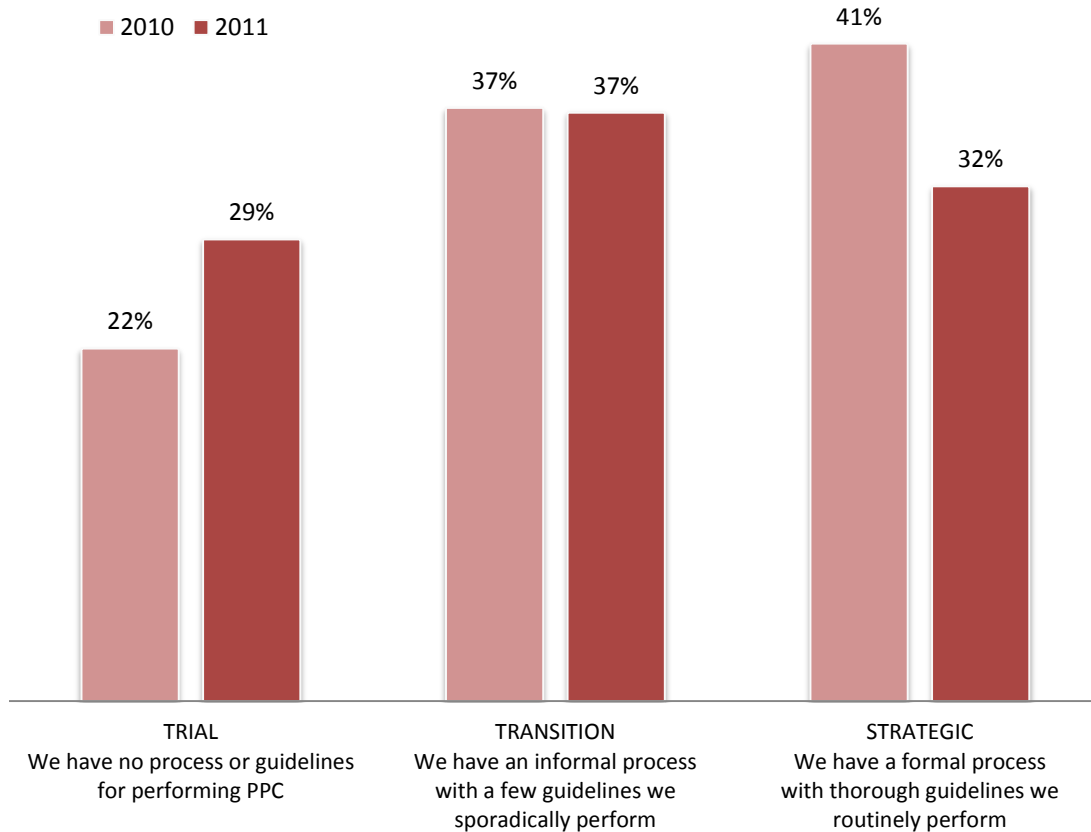
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Despite the costs and complexity associated with paid search campaigns, most organizations have either no process or an informal process at best for planning, measuring and executing their paid search campaigns. And this trend is worsening. Last year, 41 percent of organizations claimed to be in the Strategic phase; this year shows a drop of nine points – points that are now taken up by organizations in the Trial phase.

Chart: Organizations in each phase of PPC marketing maturity, by primary channel
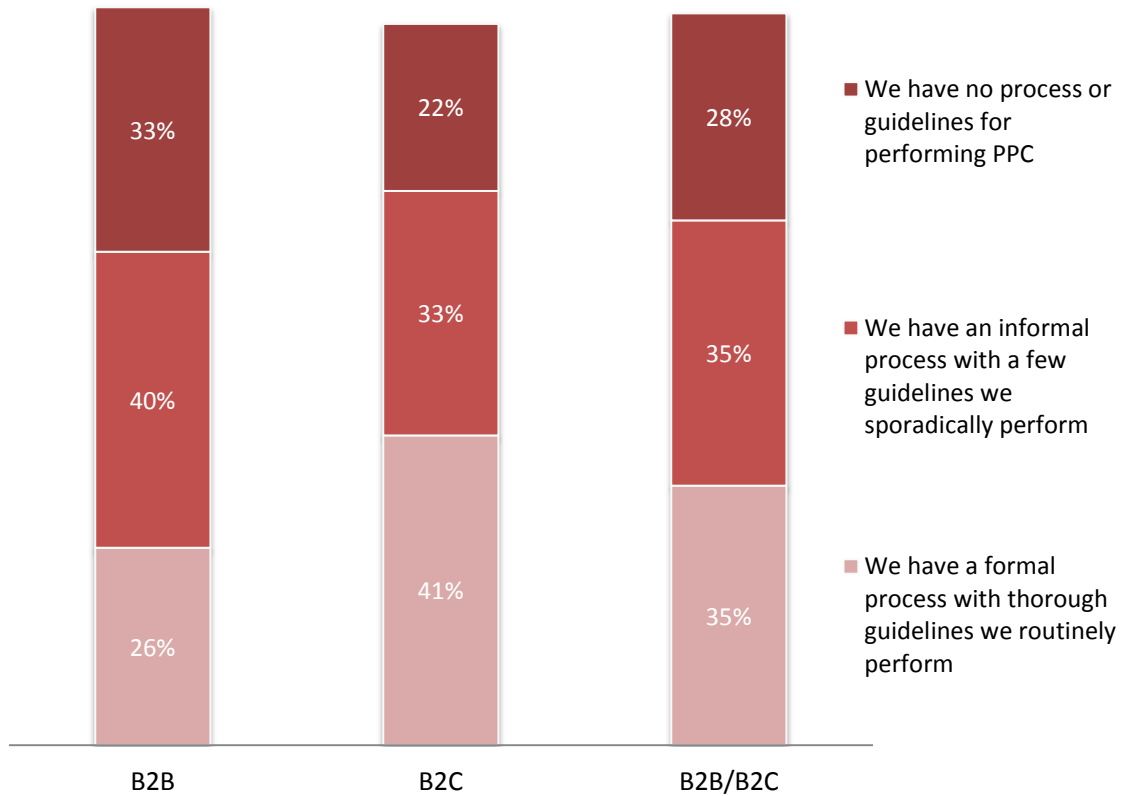
- We have no process or guidelines for performing PPC
- We have an informal process with a few guidelines we sporadically perform
- We have a formal process with thorough guidelines we routinely perform

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Lead times and approval layers are two considerations when marketing to businesses versus consumer organizations. These differences play a role in how B2B and B2C marketers plan, execute and measure their sponsored search programs. For example, a search goal for a B2C organization is typically more immediate, often just to generate an online sale in a single visit. This is possible, because consumers may only need, at most, to consult with one other person before making a purchase. Sometimes this is unnecessary, opening the way for impulse purchases. The straightforward nature of transactions like these may be one reason why 41 percent of B2C organizations are in the Strategic phase with their PPC programs.

In the B2B world, the idea of an impulse buy is almost nonexistent. Instead, purchase approvals follow a chain of command. If a purchase needs to go through multiple approval stages, lead times can grow exponentially. With these considerations in mind, the search goal for a B2B organization is to be included in the consideration set of providers for every stage of the purchase and approval process. Business purchasers do much more research as part of the buying process, often using different search terms for different phases of the cycle. Therefore, to be successful with search, B2B organizations need to optimize for this broad set of search behaviors, which takes focused planning, execution, and testing. As such, only 26 percent of B2B organizations have made the leap to the Strategic phase with their paid search campaigns.

Chart: Organizations in each phase of PPC marketing maturity, by organization size

	Small <100	Medium 100 - 1,000	Large > 1,000
We have no process or guidelines for performing PPC	34%	26%	15%
We have an informal process with a few guidelines we sporadically perform	41%	29%	30%
We have a formal process with thorough guidelines we routinely perform	21%	44%	53%

Paid search budgets at large organizations are typically well-funded. Because of the large amounts of money at stake, PPC employees play a critical role. Without this type of focused attention, campaigns will fail. Thus, more than half of all large organizations have systematized their PPC programs.

By comparison, just one of five small companies has a methodical process in place for their PPC campaigns. Given the smaller staffs at these companies, PPC may be just one aspect of a person's marketing responsibilities (which may even include both online and offline marketing activities). This differs from larger organizations that often have separate departments for each online marketing branch, such as PPC, SEO, Social, Email and Display.

"Being a small company, it is important for us to achieve a high ROI on our PPC ads, so this goal typically drives our strategy for SEM." – Marketer insight

The good news is that small organizations are trending in the right direction. More than 40 percent have at least established an informal process and set of guidelines that they sporadically follow for their PPC campaigns. What will help these companies move beyond their informal processes is seeing a positive return on their investment of time, effort and money. Positive reinforcement is a great incentive.

Chart: Organizations in each phase of PPC marketing maturity, by industry
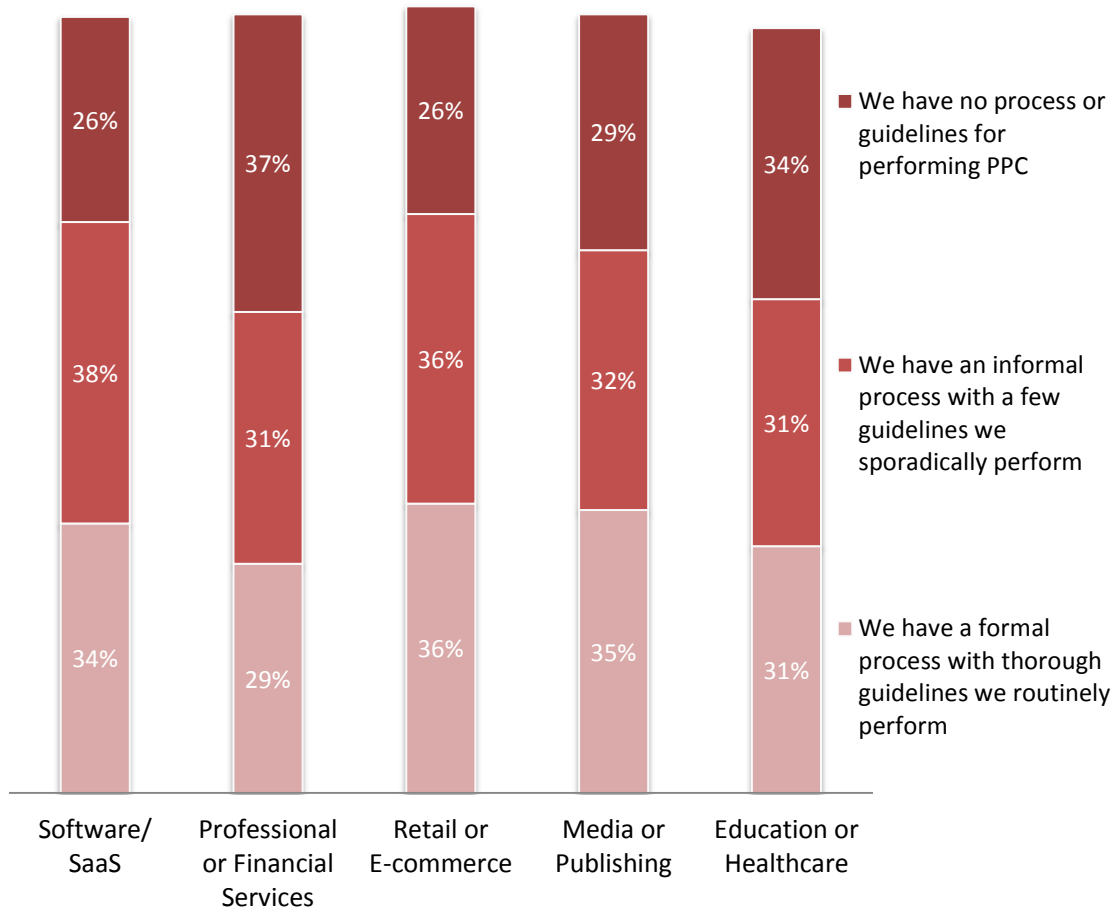
	We have no process or guidelines for performing PPC	We have an informal process with a few guidelines we sporadically perform	We have a formal process with thorough guidelines we routinely perform
Software/SaaS	26%	38%	34%
Professional or Financial Services	37%	31%	29%
Retail or E-commerce	26%	36%	36%
Media or Publishing	29%	32%	35%
Education or Healthcare	34%	31%	31%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Retail and e-commerce companies "nose out" other industries when it comes to formalizing paid search programs. Properly organizing an account by campaigns and ad groups is a necessary component in determining quality scores in any PPC effort. But, it is imperative for retail and e-commerce companies due to the breadth of their product offerings. To catch longer-tail terms, these companies often bid on SKUs, colors and sizes, and then group these by product and category. These intricate details necessitate a prescribed process for PPC.

Nearly 40 percent of organizations in the professional and financial services sector lack an established set of guidelines for performing PPC campaigns. Cost-per-click (CPC) can be very high, so campaigns in this competitive industry can quickly become expensive. Similarly, educational institutions and healthcare organizations also trail in their ability to formalize paid search practices, as 34 percent currently have nothing in place. Many educational institutions rely on directory sites that generate traffic and leads for competitive educational search terms. For these industries and others, evolving the PPC campaign management approach can be a competitive advantage.

MARKETER INSIGHTS ON DEVELOPING PPC MARKETING STRATEGIES

Q. Please describe the process your organization uses to plan your Paid Search (PPC) strategy.

TRIAL PHASE MARKETERS

- Complement new and existing offline efforts.

- There is no process. We need to learn more to understand how to develop a process.

- We begin with a test campaign. If it produces poor results, like it has in the past for our company, we choose to invest our budget in different areas. We currently do no perform any PPC.

- We select a program to market, chose some key words, and have a PPC provider buy and monitor them for us on multiple search engines.

- Identify market trends that are relevant to our products, build and test PPC ads/campaigns, monitor continuously to ensure best overall CTR within a certain budget.

- Don't have a developed strategy. Just try to plug holes with the keywords where we don't have natural ranking.

TRANSITION PHASE MARKETERS

- We create ad groups based on new products that we are releasing, as well as for category pages on our site.

- PPC campaigns are organized first by brand then by product category. They generally align with current promotions and top selling products.

- Use Google Keyword Optimizer to identify keywords and drive down to long tail keywords. Choose those keywords with the lowest CPC and set up AdWords campaign for search network only with a maximum bid of $0.30 to start.

- We evaluate the various PPC opportunities regularly and look at our ROI and then determine what shifts need to occur in terms of programs and dollars.

- Our primary objective for PPC is traffic generation, and we focus as closely as possible on maintaining a low CPC. We live and die for the long tail. We have a fairly complex PPC setup with 6 separate AdWords accounts. We have a mature keyword inventory (four years of performance data). We have keyword templates we employ each time we open a new community (we're a home builder). This gets us started pretty fast. We also have a number of modified broad match keywords we use as bait to attract good phrase/exact match keywords. In addition to the keyword inventory, each community has its own attributes that we translate into keywords (gated communities, golf communities, communities near public transportation, townhomes, etc). The challenge is transferring knowledge gained from one account to the others. For example, if we learn that [widgets in Toledo] is a good keyword in Toledo, there's a good chance it will have value elsewhere. But there's no easy way to distribute such a keyword throughout all accounts, changing "Toledo" to the appropriate local term. We have historically been able to track a positive POI

(profit on investment) for every dollar we spend on PPC. We therefore are ever increasing our PPC spend.

- We do keyword research based on the type of campaign we will be targeting. The campaign is typically a section of our website which has been bought by an advertiser and we will need to drive traffic. We then buy the keywords and monitor the users' behavior, overall traffic and of course ROI.

- We monitor and tweak our paid search program weekly, but we are only building on what we have. We don't have many tests in place and we are likely well behind in online sales.

- We occasionally pull up the competition's sites and view the source, looking for valuable phrases, check them on PPC sites against other words for effective positioning, but not very often. You are really making me realize how loose I play this. Needs more attention.

- We basically review organic keywords and add them to our PPC program. We also add negatives this way. We also review features or specs that people search for and add general terms to our program. We review CTR and QS and adjust bids/ads accordingly.

- Keyword research, then cost analysis, then landing page design/development … measure, measure, measure.

STRATEGIC PHASE MARKETERS

- Create keyword lists. Test keywords. Create compelling offers and calls to action.

- Meetings, meetings, meetings then testing, testing, testing.

- Analysis of ROI on particular keywords and daily analysis to maintain positions/budgets

- We go through a thorough review of the last twelve month's results and identify key market segments within our strategy that have either been under-represented or over-represented to make PPC decisions for the following year.

- Product specialists write and refine ads with the search team, and the search team places and optimizes the ads.

- I have a database of proven words and phrases in our market segment that we focus exclusively on. We are moving to more female-driven content and design, so there is a quantum shift going on. The words and phrases for this new direction are being modified and tested. The steps we follow are: market research; creation of new words and phrases; test; edit; create a baseline; test; purge non-performing entries; and continuously monitor and improve female-oriented content creation. And then test again!

- We set a target ROI and track towards that. We are tracking all pipeline activity generated by paid search down to the keyword level and then are optimizing spend accordingly.

- We test ROI and campaign messaging with Google AdWords before expanding to other PPC venues such as Bing, Shopzilla etc. We have specific ROI goals and use PPC to measure the conversion success of targeted terms for product offerings.

- Determine budget. Keyphrase research and selection. Create landing page(s). Create several ad versions. Run for a set period with high bids. Weed out non-performing phrases. Reword non-performing ads. Make more specific ad groups and high and low dollar campaigns. Review wording of best performing ads and integrate into landing page(s). Reduce bids. Review traffic and conversions for SEO and other marketing purposes.

- We perform monthly tests on different PPC platforms and different keyword-focused ad group campaigns to identify platforms, keyword groups and offers that produce viable leads and better cost per qualified lead.

- We gather the performance stats of the past month and match those with the revenue of each campaign. Then we adjust our bids accordingly. We also do a few landing page tweaks to improve conversion and overall performance.

CHAPTER 2: PPC OBJECTIVES AND CHALLENGES

Over the last 12 months, organizations struggled with generating leads at an acceptable and growing ROI. As such, more than half of marketers named these areas as their top two challenges. The answer to these challenges – from their perspective – is to increase website traffic. Nearly two-thirds of marketers named this initiative as a top objective for their PPC campaigns over the next 12 months.

CHALLENGES HAMPERING PPC EFFECTIVENESS OVER LAST 12 MONTHS

Chart: Increasing leads and ROI tie for top-two PPC challenges

Q. Which were the MOST FRUSTRATING CHALLENGES with respect to Paid Search (PPC) effectiveness for your organization in the last 12 months?

Challenge	Percentage
Increasing lead generation	56%
Achieving or increasing measurable ROI	56%
Increasing website traffic	39%
Developing an effective and methodical strategy	38%
Increasing online sales revenue	31%
Improving brand/product awareness or reputation	29%
Integrating search marketing data with CRM and other marketing systems	25%
Integrating search marketing analytics into a single dashboard	19%
Increasing offline sales revenue	18%
Improving public relations	8%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

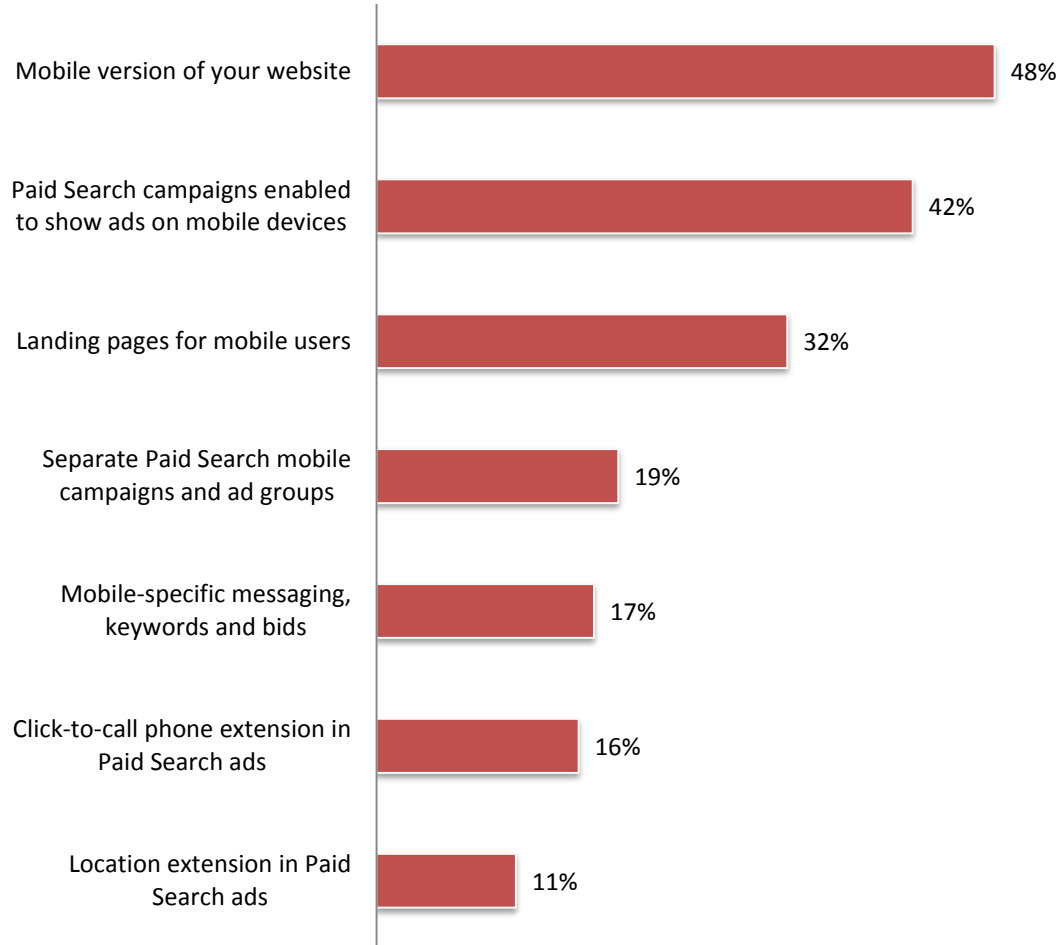PPC advertising typically comprises a sizable portion of online sales budgets, so marketers are looking to achieve a good marketing expense to sales ratio. By qualifying opportunities at the top of the funnel, marketers set themselves up to take action on leads that have the best chance of closing.

Chart: Most frustrating PPC challenges, by PPC maturity phase

Challenge	Trial	Transition	Strategic
Increasing lead generation	64%	50%	60%
Achieving or increasing measurable ROI	41%	63%	57%
Increasing website traffic	41%	40%	36%
Developing an effective and methodical strategy	46%	42%	26%
Increasing online sales revenue	26%	38%	24%
Improving brand/product awareness or reputation	36%	27%	24%
Integrating search marketing data with CRM and other marketing systems	26%	30%	10%
Integrating search marketing analytics into a single dashboard	13%	17%	19%
Increasing offline sales revenue	26%	38%	24%
Improving public relations	10%	5%	7%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Generating more leads is the most frustrating challenge for Trial organizations. Many of these organizations are new to PPC, and they have yet to formalize their campaign processes. To this point, nearly half of them recognize the need to develop an effective and methodical strategy.

Like Trial organizations, those in the other phases of PPC maturity also grapple with how to increase the volume of leads from their PPC efforts. The difference for these groups is that they more actively tie this challenge in with doing it at an acceptable ROI.

Beyond these areas, Strategic organizations contend with the same challenges as organizations in other phases, but normally to a lesser degree. One exception: Integrating search marketing metrics into a single dashboard. Organizing business data into a dashboard helps stakeholders to better respond and act.

Chart: Most frustrating PPC challenges, by primary channel

Challenge	B2B	B2C	B2B/B2C
Increasing lead generation	60%	49%	56%
Achieving or increasing measurable ROI	57%	62%	44%
Increasing website traffic	37%	49%	31%
Developing an effective and methodical strategy	40%	29%	44%
Increasing online sales revenue	24%	51%	22%
Improving brand/product awareness or reputation	26%	38%	25%
Integrating search marketing data with CRM and other marketing systems	24%	22%	31%
Integrating search marketing analytics into a single dashboard	18%	18%	22%
Increasing offline sales revenue	21%	11%	19%
Improving public relations	5%	9%	13%

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

B2C companies stand out with some of their biggest PPC challenges. Increasing online sales revenue is one such area, faced by more than half of these organizations. Given the transactional nature of B2C sales, companies have fewer dimensions on which to compete – and less time to make a compelling offer. There are only so many opportunities to grab attention and nab the sale. Showing up in search results is the minimum prerequisite, but the ad copy and landing page merit equal attention when it comes to success.

Companies with both business and consumer sales channels are the most challenged with developing a strategy for their PPC programs, compared to businesses focused on just one channel. Optimizing campaigns and creating highly relevant ad groups for two discrete target markets adds extra levels of complexity, prompting a keen need for a strategy.

Chart: Most frustrating PPC challenges, by organization size

Increasing lead generation
- 58%
- 51%
- 63%

Achieving or increasing measurable ROI
- 54%
- 65%
- 42%

Increasing website traffic
- 39%
- 43%
- 32%

Developing an effective and methodical strategy
- 37%
- 37%
- 37%

Increasing online sales revenue
- 34%
- 29%
- 26%

Improving brand/product awareness or reputation
- 32%
- 25%
- 26%

Integrating search marketing data with CRM and other marketing systems
- 19%
- 27%
- 47%

Integrating search marketing analytics into a single dashboard
- 23%
- 14%
- 11%

Increasing offline sales revenue
- 11%
- 27%
- 21%

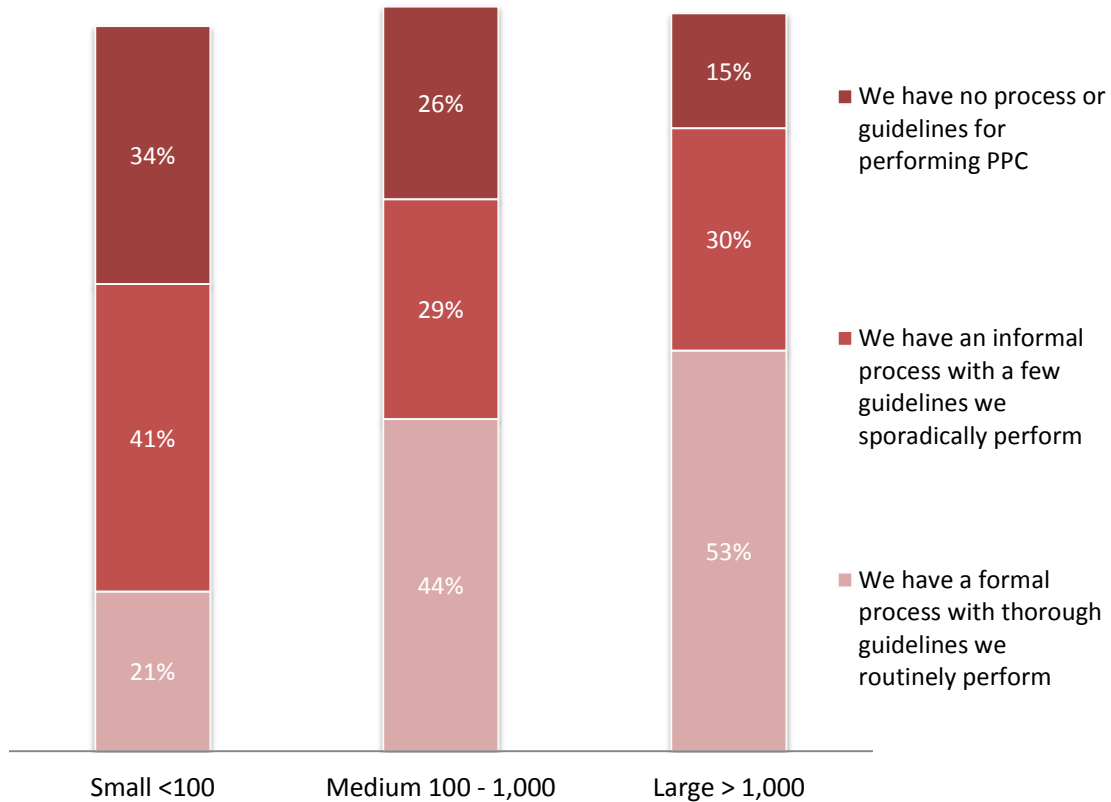Improving public relations
- 10%
- 4%
- 5%

■ Small <100
■ Medium 100 - 1,000
■ Large > 1,000

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

More large organizations face frustration when it comes to integrating search marketing data with CRM and other marketing systems. These organizations were nearly twice as likely as organizations of other sizes to wrestle with this area.

Increasing offline sales revenue is another challenge faced by a fair share of medium and large companies, particularly those companies that pass Web leads to offline sales teams. "Measuring the impact of PPC lead

"Our biggest challenge is attribution to SEM from within our CRM system. Pipeline credit is issued to first touch, when SEM tends to be last touch." – Marketer insight

generation on offline product sales with long buying cycles is our most significant challenge" is how one marketer put it. The nature of this challenge spans tracking to attribution.

Chart: Most frustrating PPC challenges, by industry

Increasing lead generation
- 66%
- 60%
- 37%
- 55%
- 63%

Achieving or increasing measurable ROI
- 62%
- 40%
- 80%
- 50%
- 42%

Increasing website traffic
- 38%
- 28%
- 47%
- 40%
- 47%

Developing an effective and methodical strategy
- 41%
- 32%
- 30%
- 25%
- 42%

Increasing online sales revenue
- 24%
- 28%
- 63%
- 30%
- 16%

Improving brand/product awareness or reputation
- 24%
- 40%
- 23%
- 15%
- 37%

Integrating search marketing data with CRM and other marketing systems
- 24%
- 8%
- 23%
- 35%
- 26%

Integrating search marketing analytics into a single dashboard
- 10%
- 4%
- 13%
- 30%
- 21%

Legend:
- ■ Software/SaaS
- ■ Professional or Financial Svcs
- ■ Retail or E-commerce
- ■ Media or Publishing
- ■ Education or Healthcare

Increasing offline sales revenue
- 17%
- 16%
- 7%
- 10%
- 26%

Improving public relations
- 10%
- 8%
- 7%
- 10%
- 5%

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

OBJECTIVES FOR PPC PROGRAMS IN NEXT 12 MONTHS

Chart: Increasing Web traffic and lead generation top the list for PPC objectives

Q. Which are the MOST IMPORTANT OBJECTIVES with respect to your organization's search engine optimization (PPC) programs in the next 12 months?
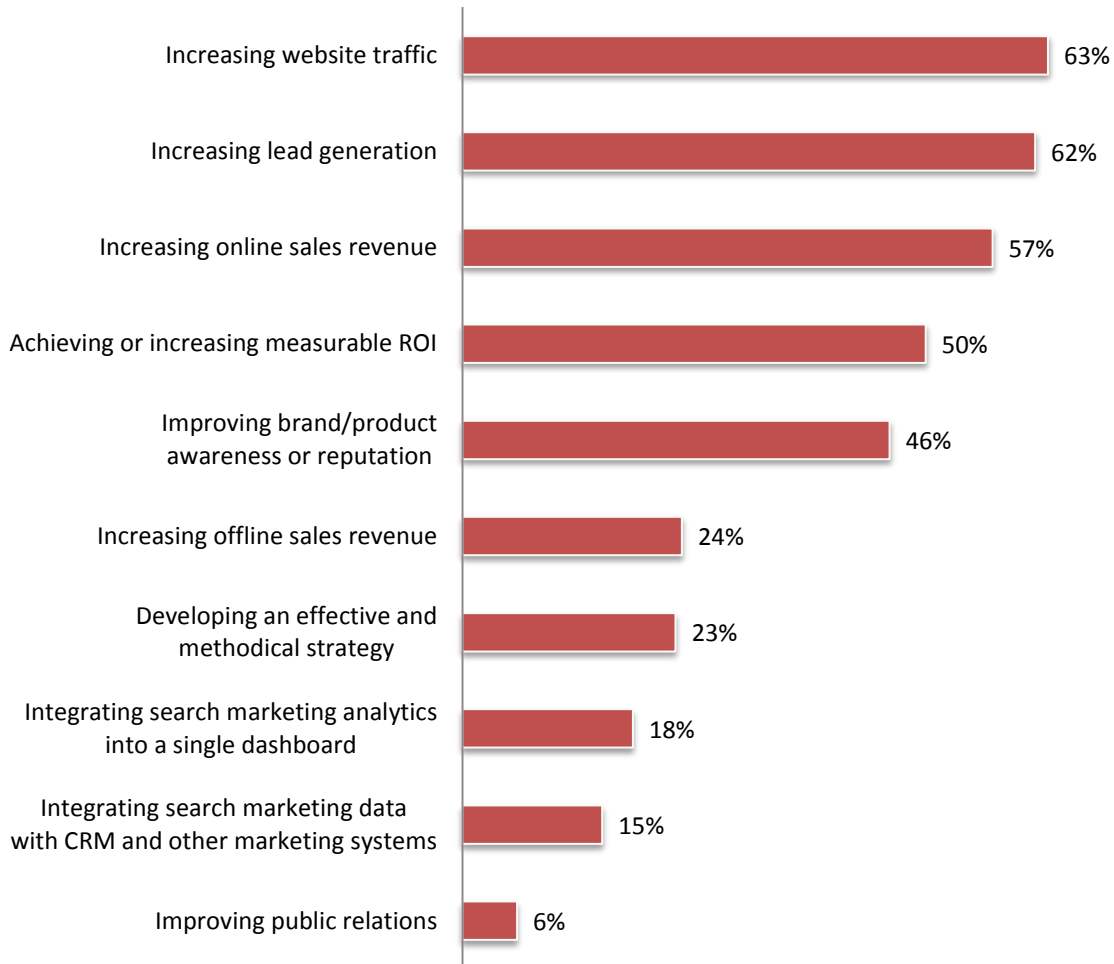
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Leads and ROI were the top two challenges cited by marketers. Their solution to these challenges? Traffic. PPC can be a great traffic generator, and 63 percent of organizations are planning their campaigns around this objective. Despite the many moving levers in PPC, and the attention and understanding required to successfully execute better tactics, less than one of four organizations plan to develop a strategy for their PPC programs. The effect of operating without a methodical PPC process and strategy is discussed throughout this report.

Achieving or increasing measurable ROI is important to half of the organizations surveyed. Measuring true ROI is difficult for many because of issues with their CRM systems' ability to record and track. Despite this – or perhaps because of the difficulty involved – less than 20 percent of organizations are planning efforts around integrating their search marketing data into a single dashboard or with their CRM systems.

Chart: Most important PPC objectives, by PPC maturity phase
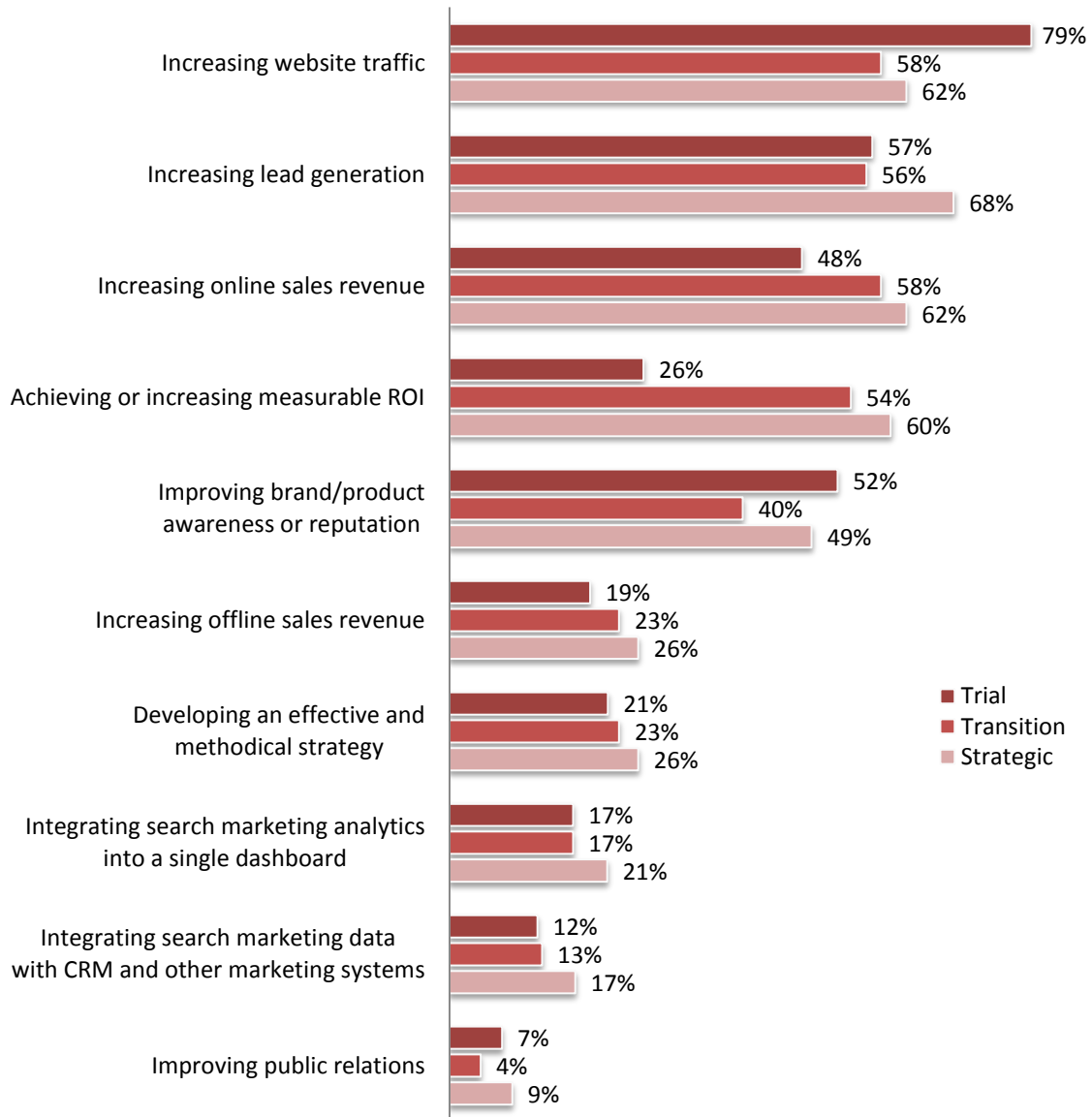
Increasing website traffic
- 79%
- 58%
- 62%

Increasing lead generation
- 57%
- 56%
- 68%

Increasing online sales revenue
- 48%
- 58%
- 62%

Achieving or increasing measurable ROI
- 26%
- 54%
- 60%

Improving brand/product awareness or reputation
- 52%
- 40%
- 49%

Increasing offline sales revenue
- 19%
- 23%
- 26%

Developing an effective and methodical strategy
- 21%
- 23%
- 26%

Integrating search marketing analytics into a single dashboard
- 17%
- 17%
- 21%

Integrating search marketing data with CRM and other marketing systems
- 12%
- 13%
- 17%

Improving public relations
- 7%
- 4%
- 9%

Legend:
- ■ Trial
- ■ Transition
- ■ Strategic

Strategic phase organizations, like organizations in other PPC maturity phases, want to increase traffic and leads. But they are not stopping there, as more than 60 percent of Strategic organizations also want their PPC programs to produce online sales revenue and achieve a measurable, growing ROI. In short, traffic and leads provide a good start, but results must follow.

Less than one-quarter of Trial organizations expressed intent to develop an effective, methodical PPC strategy. Operating without a thorough set of guidelines could hurt their efforts in increasing traffic – the lead objective for 79 percent of these organizations. Additionally, only 26 percent are also thinking about ROI. This imbalance speaks to their inexperience with planning and measuring, important steps for getting the most out of a program.

Chart: Most important PPC objectives, by primary channel

Objective	B2B	B2C	B2B/B2C
Increasing website traffic	62%	63%	67%
Increasing lead generation	64%	69%	51%
Increasing online sales revenue	44%	71%	72%
Achieving or increasing measurable ROI	42%	57%	59%
Improving brand/product awareness or reputation	45%	46%	49%
Increasing offline sales revenue	24%	26%	21%
Developing an effective and methodical strategy	23%	20%	26%
Integrating search marketing analytics into a single dashboard	19%	9%	26%
Integrating search marketing data with CRM and other marketing systems	19%	11%	10%
Improving public relations	1%	9%	13%

■ B2B
■ B2C
■ B2B/B2C

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Increasing lead generation is the most important PPC objective for B2B organizations. Given the longer sales cycles – including steps to generate, qualify, score, nurture and hand off leads – marketers know they have to maintain an adequate inflow of leads to keep their funnels full.

Since B2B sites are not transactional in nature, "increasing online sales revenue" is demoted in terms of its importance as an objective for this channel, but only for this channel. Over 70 percent of organizations with consumer sales channels cite this as their top objective for their PPC programs over the next 12 months.

"We will probably launch a campaign to get more awareness and brand recognition in the B2B market. We haven't been recognized as a professional wholesaler in industrial sales articles." – Marketer insight

Chart: Most important PPC objectives, by organization size

Objective	Small <100	Medium 100 - 1,000	Large > 1,000
Increasing website traffic	63%	60%	70%
Increasing lead generation	56%	66%	74%
Increasing online sales revenue	61%	54%	52%
Achieving or increasing measurable ROI	43%	51%	70%
Improving brand/product awareness or reputation	40%	43%	70%
Increasing offline sales revenue	24%	17%	33%
Developing an effective and methodical strategy	23%	29%	19%
Integrating search marketing analytics into a single dashboard	12%	26%	26%
Integrating search marketing data with CRM and other marketing systems	9%	23%	22%
Improving public relations	9%	0%	4%

Legend:
- Small <100
- Medium 100 - 1,000
- Large > 1,000

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Methodology: Fielded April 2011, N=1,530

Improving ROI and brand reputation are critical objectives for 70 percent of large organizations. PPC expenditures can add up fast, so organizations must see that they are getting a return on their investments.

Many marketers shared how they want to improve the ROI of their search expenditures, yet they struggle with accurately quantifying the opportunities.

"We can't measure true ROI because of the issues with our CRM system." – Marketer insight

Seventy percent of large organizations also want to use PPC to improve the awareness and reputation of their brand, products or services. Appearing on a search results page, particularly when coupled with strong organic rankings, is a great way to establish authority and promote trust.

Chart: Most important PPC objectives, by industry

Increasing website traffic
- 59%
- 72%
- 65%
- 63%
- 53%

Increasing lead generation
- 75%
- 81%
- 41%
- 38%
- 60%

Increasing online sales revenue
- 47%
- 41%
- 94%
- 69%
- 60%

Achieving or increasing measurable ROI
- 47%
- 53%
- 35%
- 38%
- 33%

Improving brand/product awareness or reputation
- 47%
- 63%
- 35%
- 31%
- 27%

Increasing offline sales revenue
- 19%
- 25%
- 18%
- 19%
- 27%

Developing an effective and methodical strategy
- 13%
- 22%
- 29%
- 38%
- 20%

Integrating search marketing analytics into a single dashboard
- 16%
- 19%
- 24%
- 19%
- 33%

Integrating search marketing data with CRM and other marketing systems
- 16%
- 16%
- 12%
- 13%
- 33%

Improving public relations
- 3%
- 13%
- 6%
- 6%
- 13%

Legend:
- Software/SaaS
- Professional or Financial Svcs
- Retail or E-commerce
- Media or Publishing
- Education or Healthcare

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

MARKETER INSIGHTS ON CHALLENGES WITH PAID SEARCH

Q. Please briefly describe your organization's most significant challenge with Paid Search (PPC).

TRIAL PHASE MARKETERS

- Avoiding irrelevant clicks to save on budget.

- Finding the right partner to assist us in doing it right.

- Getting to better know what we are doing. This is really new stuff for us now.

- Getting ahead of the competition.

- Getting results to justify the cost.

- Lack of time and good copy.

- Qualified conversions

- Being able to track all the way through customer acquisition. It's great that people come to our site, but they need to fill out a form and get a quote. From there we need to be able to track that quote submission.

TRANSITION PHASE MARKETERS

- Committing enough resources and budget.

- Finding the time and resources to effectively manage the program.

- Gaining high volume of clicks while still keeping our ROI in mind.

- Getting positive ROI on non-branded keywords.

- Improving Quality Score for ads / keywords.

- Low conversion rate. Thus, high cost-per-conversion.

- Lowering conversion costs. Increasing Quality Score.

- We have had good results with impressions and CTR, but no return in terms of conversions

- Increasing the conversion rate.

- Trying to track the direct leads from PPC. Integrating PPC with our marketing automation system.

- Becoming aware of good providers who can deliver.

- Figuring out how to optimize the budget so that the cost per lead stays low without missing out on opportunities.

- Competing against major players that dominate the market.

- Focused keyword generation.

- Process slowdowns due to the need for educating the top decision makers.

- Testing. We don't do enough of it with ads. Getting people to land on specific landing pages vs. the site in general. We are not there yet, and everyone goes to the homepage.

- We've struggled with relevant key phrases and ad copy, and the value perception of quantity over quality.

- Learning how to adjust our bidding for keywords to get better ad placement. Testing copy to drive to specific products on our website.

- Getting insight into how it works. Split testing landing pages (takes time, but gives results.)

- Time. To effectively manage our campaigns, we need dedicated resources. We are now staffing up to handle the volume moving forward. Time is really the challenge. The channel works and works very well. We just need a focused attack on it. I'm not sure that outsourcing this activity is really possible with 100 percent effectiveness.

- The most significant challenge is that we don't take the time to learn better practices; thus, we execute weakly.

- Biggest challenge by far is sales attribution. Our system does not have a seamless track from click to sale. 100 percent of our sales are offline, often in sales offices with agents who see the Internet as competition and do not record lead sources properly. Our second biggest challenge is not having the ability to attribute conversions (leads) back to earlier keyword/ad clicks. We only know the last keyword/ad.

STRATEGIC PHASE MARKETERS

- Committing enough resources and budget.

- Maintaining budgets whilst reducing CPA.

- Our most significant challenge is keyword research. The rest is pretty well systematized.

- Quality of leads

- ROI. Most traffic comes from general terms which don't convert.

- Achieving positive ROI on competitive terms.

- Competing on price against online-only competitors.

- Competitive monitoring

- Finding a true expert to talk to about PPC strategies and approaches that relate to my industry.

- Increasing Quality Score to reduce PPC rate across multiple ad groups.

- Keeping budget low while maximizing clickthrough rates and conversions.

- Generating significant volume for targeted keywords, and improving conversion rate for landing pages.

- Optimizing for the long tail seems to be the most difficult aspect of our PPC. We tend to get better metrics when we run phrase matches on broader terms, and really optimize our landing pages. Contrary to what you'd expect, we've found that when we do try to optimize for the long tail, our metrics actually decrease along with our impressions and clicks.

- Increasing traffic by using long-tail keywords whose CPC is lower than the "best sellers" (to allow us to get more visitors with the same budget). Having different conversion types (one for the direct user acquisition and others for sign-ups that will still require nurturing).

- The ongoing challenge is to reduce CPC and maximize conversions with given budgets. The most difficult challenge is having the right data metrics during experiments with more than one tracking code on landing pages.

- Finding the right combination of well-written ad copy and negative keywords to eliminate irrelevant clicks.

- We use an outside agency, due to workload, expertise and the constant changing of the search industry – and are questioned frequently by upper management as to what the ROI is. Our base level ROI is not great, as it is new (low amount of new clients). The agency would like us to use call tracking too, but that is a cost no one wants to include. Most importantly, there is a concern that what we're getting for our money is in line with the industry standard.

- Being judged on cost-per-conversion. Some words cost more per click, but ultimately convert better. Balancing act.

CHAPTER 3: PPC TACTICS

What are the most popular PPC tactics? Which ones get the best results? What is the level of effort required to execute them? Marketers readily shared their answers to these questions, and more.

MAJORITY OF ORGANIZATIONS RUN PPC CAMPAIGNS IN-HOUSE

Chart: Popularity of in-house versus outsourced PPC campaign management

Q. How does your organization manage and execute its PPC campaigns?
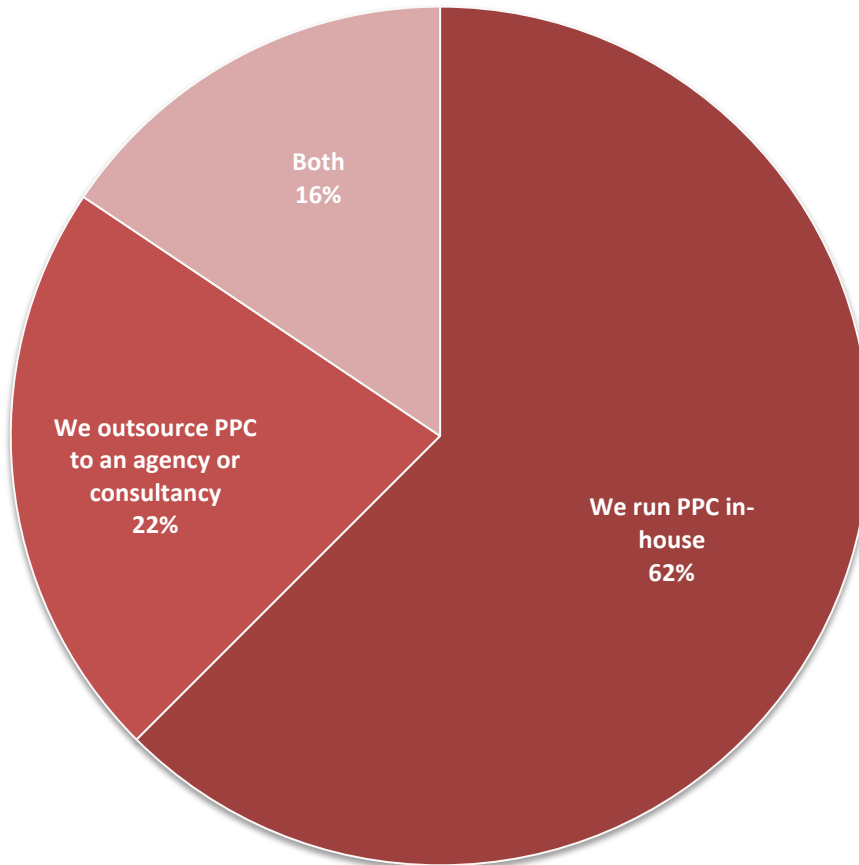
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

The management of PPC campaigns remains dominantly in-house. In this year's study, 62 percent of respondents reported managing their PPC accounts completely in-house, and more than three-quarters manage at least some facet of their PPC programs themselves.

Only 22 percent of companies completely outsource their paid search programs to an external agency or consultancy. This is a slight increase from last year, where 20 percent of firms reported hiring an agency. This trend should continue as paid search becomes more competitive and companies look to external experts to gain a competitive advantage.

Chart: PPC campaign management, by PPC maturity phase
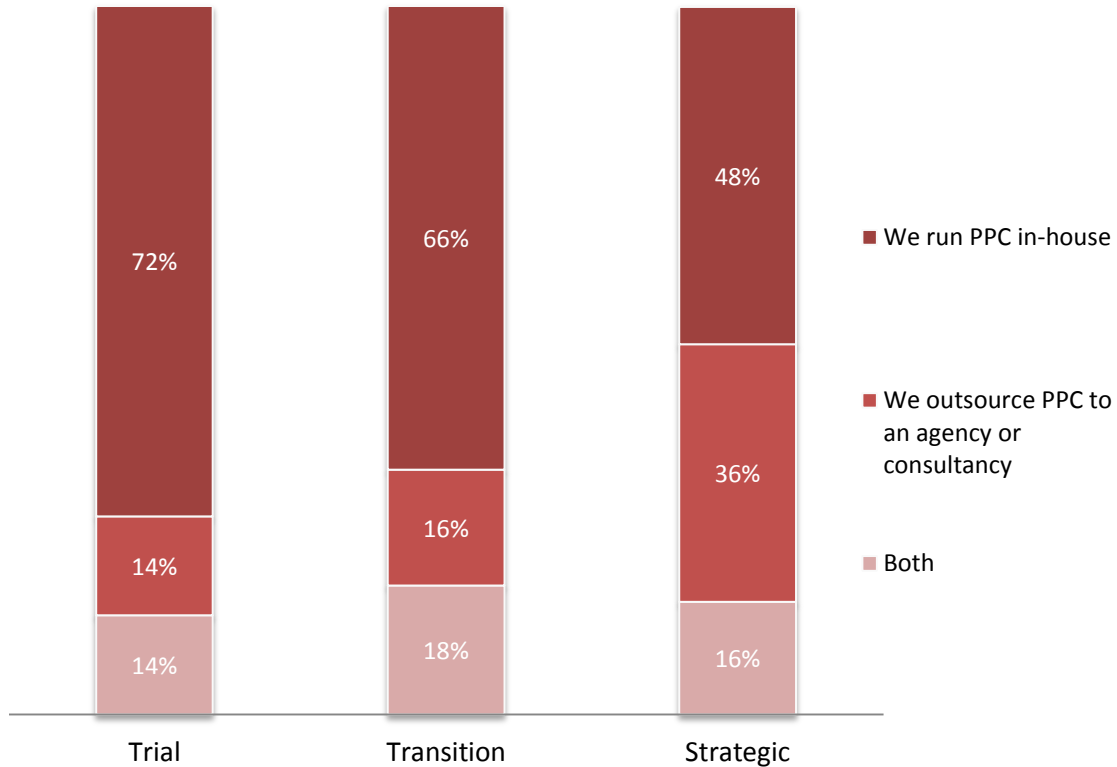
Source: ©2011 MarketingSherpa Social Marketing Benchmark Survey
Methodology: Fielded Feb ruary 2011, N=3,342

There is a significant correlation between an organization's PPC maturity and the use of external agencies and consultants for managing a PPC campaign. More than half of companies with a strategic PPC model outsource at least some of their PPC activities.

In contrast, 72 percent of companies that are still in the Trial phase of their PPC management control their PPC efforts entirely in-house. Only 28 percent hire either exclusive or partial external help for managing their campaigns.

It is not surprising that the organizations most strategic with their PPC campaigns are also the ones most likely to engage with external experts. As marketers become more persuaded of PPC's value as a source of incoming leads, they are more likely to allocate the necessary budget for outsourcing. And when marketing campaigns grow to thousands of keyword match types, it makes logical sense to hire an agency to run some, or all, of the tactical PPC execution.

"We're grossly under-resourced in our PPC efforts and will be hiring someone to manage this and other related e-marketing programs." – Marketer insight

Beyond these reasons, Strategic-phase companies may have also learned when they need to look beyond their own resources.

Chart: PPC campaign management, by primary channel
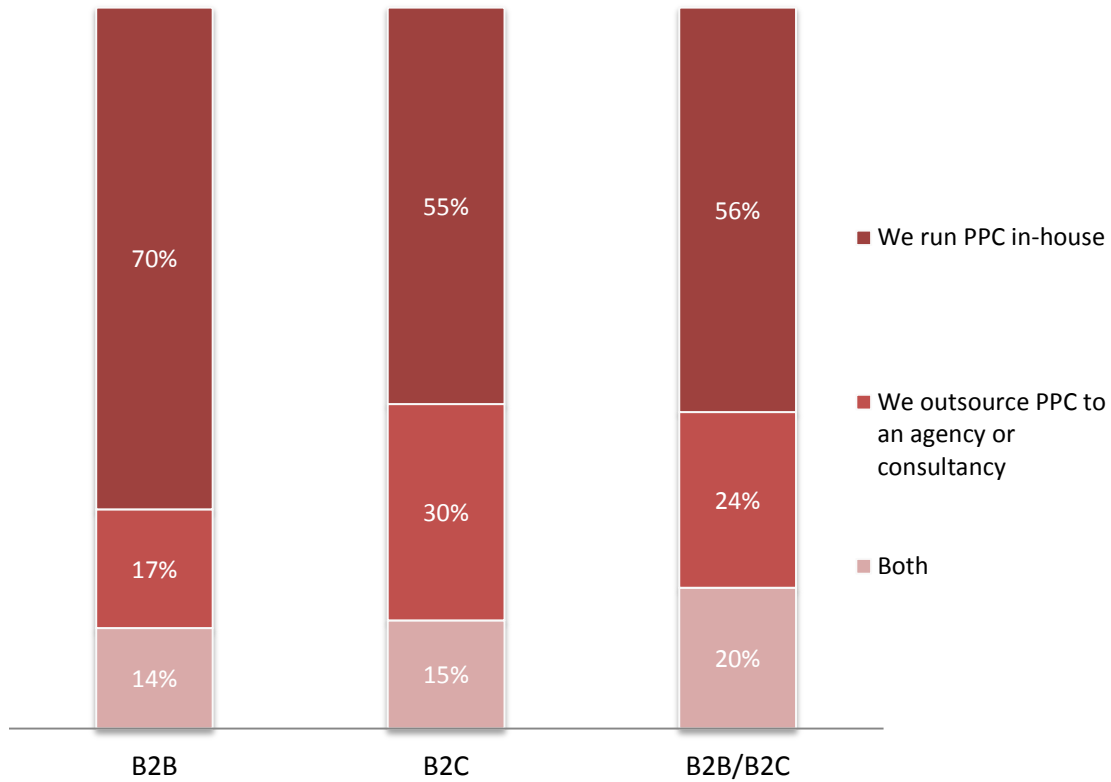
Source: ©2011 MarketingSherpa Social Marketing Benchmark Survey
Methodology: Fielded February 2011, N=3,342

Because many B2C companies use Web marketing to actually sell goods and services online, these companies often employ a variety of PPC tactics, including display and social media ad campaigns. Given this, it makes sense that B2C campaigns also more frequently supplement their in-house expertise with external agencies. Forty-five percent of B2C companies and 44 percent of B2B/B2C-focused firms outsource at least some of their PPC tactics. By comparison, nearly 70 percent of B2B companies run all PPC efforts on their own, and only 17 percent of them exclusively outsource their PPC marketing.

The percentage of B2B firms that manage campaigns in-house is nearly identical to those reported in last year's *2011 Search Marketing PPC Benchmark Report*. One reason noted by marketers is that it can prove challenging – and even counterproductive – to train and educate agencies on the complexity and nuances of their products and services.

"We kind of just let it happen… being in a narrow niche business we are somewhat successful in spite of ourselves." – Marketer Insight

Chart: PPC campaign management, by organization size
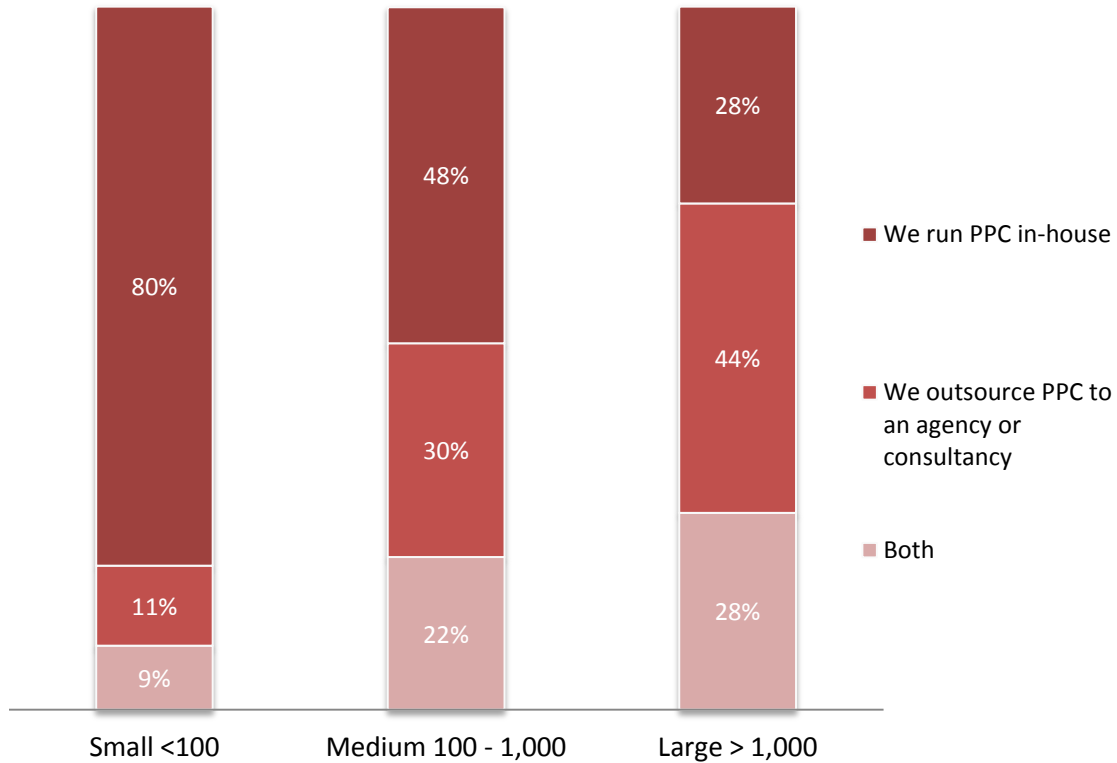
Source: ©2011 MarketingSherpa Social Marketing Benchmark Survey
Methodology: Fielded Feb ruary 2011, N=3,342

The decision to outsource a PPC campaign often comes down to resources and results. Firms with the requisite skills to deploy PPC themselves, or those with compelling reasons to retain the management internally, opt to manage PPC in-house. Alternatively, some marketers find that an agency can apply the lessons learned from multiple campaigns to produce better results.

Large companies employ significantly more external consultants than their medium and smaller counterparts. In fact, the percentage of large companies offloading at least a portion to all of their PPC campaigns is 279 percent greater the percentage of small organizations doing the same. Budgetary considerations, as well as the size and complexity of the campaigns, are likely drivers behind this disparity.

Smaller firms with limited resources may stand to benefit the most from outside help, yet 80 percent of small companies report keeping their PPC campaigns in-house, a four point increase from last year.

"Our agency provides this service to us. We do get more sales and traffic from SEO and PPC now. Testing split landing pages also gave us a lot of insight in how to increase ROI easily. We are very satisfied with our agency's work." – Marketer Insight

Chart: PPC campaign management, by industry
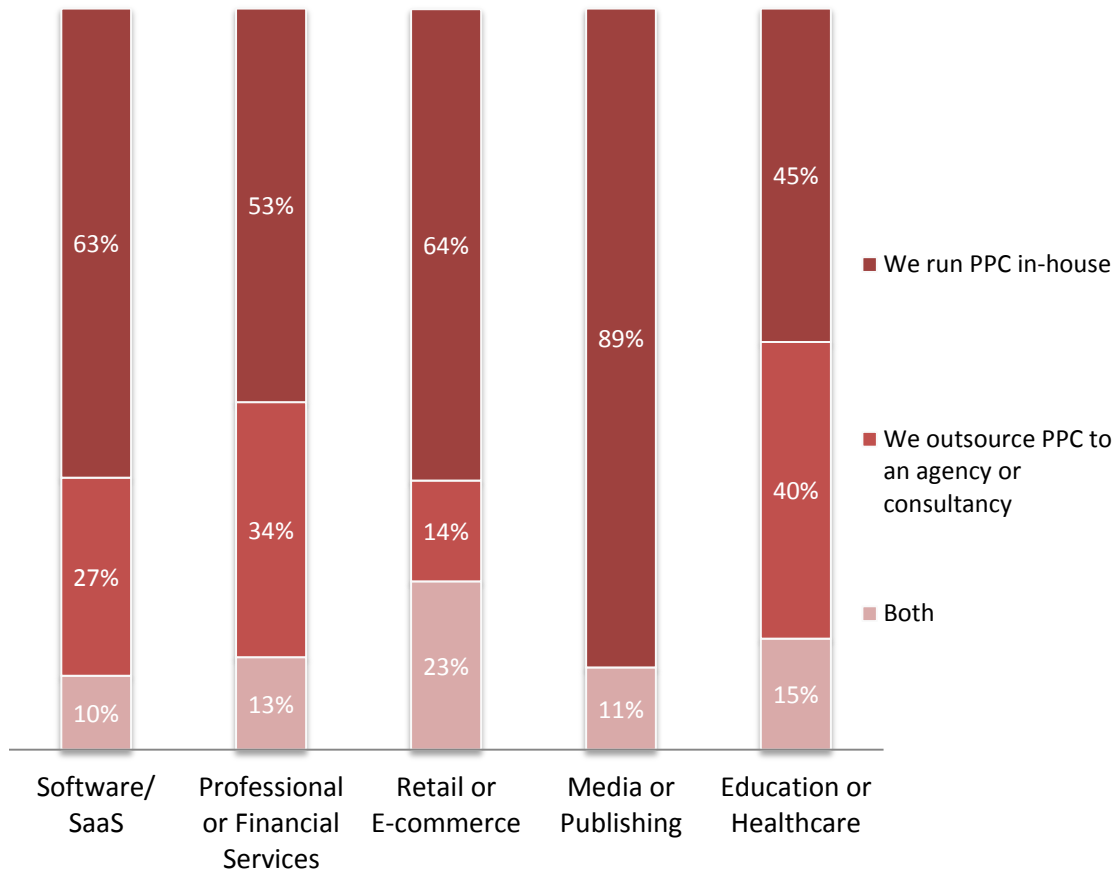
	We run PPC in-house	We outsource PPC to an agency or consultancy	Both
Software/ SaaS	63%	27%	10%
Professional or Financial Services	53%	34%	13%
Retail or E-commerce	64%	14%	23%
Media or Publishing	89%		11%
Education or Healthcare	45%	40%	15%

Source: ©2011 MarketingSherpa Social Marketing Benchmark Survey
Methodology: Fielded Feb ruary 2011, N=3,342

Industries diverge in their decisions to manage their PPC campaigns either internally or externally. Nearly all industries are most focused on increasing lead generation, with the exception of retail, e-commerce, media and publishing companies, which cite increasing online sales revenue as their top objective. In other words, the decision to outsource is not the result of different goals that various industries are seeking from paid search.

Education and healthcare firms turn to PPC consultants with the most frequency, with more than half using agency resources either in whole or in part. Culturally, these industries tend to hire more consultants, as do professional service firms, of which 34 percent also exclusively turn to external resources to support PPC efforts.

In the IT-savvy software industries, 37 percent rely on some type of agency PPC assistance, as do retail and e-commerce companies. The vast majority of media and publishing firms run PPC campaigns in-house, and no media company surveyed reported outsourcing campaigns in totality.

CREATING HIGHLY-TARGETED AD GROUPS IS THE MOST POPULAR TACTIC

Chart: PPC tactics used by organizations

Q. Which of the following PPC tactics has your organization used?

Tactic	Percentage
Creating highly targeted ad groups	82%
Creating relevant ad copy for each ad group	74%
Manual bidding for clicks	51%
Split testing ad copy	47%
Automatic bidding for clicks	45%
Ad scheduling	41%
Rotating ads to optimize for conversions	40%
Rotating ads to optimize for clicks	35%
Split testing landing pages	33%
Rotating ads evenly	29%
Bidding for target position preference	24%
Experimenting with matching options	22%
Bidding for target Cost per Action	21%

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

More than 80 percent of marketers work to correctly structure their PPC campaigns through the creation of highly targeted ad groups. Specificity is a key to improving quality scores, so it is expected that companies would report strong usage with this PPC tactic. In addition to the right structure, relevance remains paramount for optimizing PPC campaigns, and 74 percent of organizations report paying special attention to ad copy.

Organizations do embrace testing as a key component of PPC, although usage levels tend to be low. Forty-seven percent of companies run split tests of ad copy, while only a third indicate that they conduct split testing on landing pages.

Chart: PPC tactics, by PPC maturity phase

Tactic	Trial	Transition	Strategic
Creating highly targeted ad groups	71%	85%	89%
Creating relevant ad copy for each ad group	53%	77%	86%
Manual bidding for clicks	36%	53%	58%
Split testing ad copy	21%	48%	64%
Automatic bidding for clicks	32%	51%	49%
Ad scheduling	21%	41%	58%
Rotating ads to optimize for conversions	15%	36%	58%
Rotating ads to optimize for clicks	19%	29%	47%
Split testing landing pages	15%	26%	48%
Rotating ads evenly	18%	31%	26%
Bidding for target position preference	10%	22%	38%
Experimenting with matching options	10%	17%	31%
Bidding for target Cost per Action	19%	11%	26%

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Organizations with formalized processes and guidelines for PPC deployment engage more heavily in PPC tactics across the board. A greater percentage of these companies employ not only the more popular tactics, but also turn to tactics that organizations in other phases of PPC maturity may dismiss. For example, 58 percent of Strategic organizations rotate ads to optimize for conversions, but only 15 percent of Trial organizations and 36 percent of Transition organizations follow suit.

Strategic firms also do more split testing, whether ad copy or landing pages. Sixty-four percent of these companies test ad copy, and 48 percent test landing pages. By comparison, just a third as many Trial organizations (on a percentage basis) employ testing.

Chart: PPC tactics, by primary channel

Creating highly targeted ad groups: 84%, 80%, 80%
Creating relevant ad copy for each ad group: 74%, 74%, 74%
Manual bidding for clicks: 49%, 59%, 46%
Split testing ad copy: 44%, 53%, 48%
Automatic bidding for clicks: 39%, 49%, 54%
Ad scheduling: 41%, 39%, 48%
Rotating ads to optimize for conversions: 32%, 49%, 46%
Rotating ads to optimize for clicks: 29%, 45%, 38%
Split testing landing pages: 31%, 36%, 34%
Rotating ads evenly: 27%, 30%, 34%
Bidding for target position preference: 22%, 27%, 26%
Experimenting with matching options: 19%, 19%, 33%
Bidding for target Cost per Action: 18%, 28%, 21%

Legend: B2B, B2C, B2B/B2C

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

The emphasis on organizing keywords into tight ad groups to improve quality scores is reflected in the channel data, with at least 80 percent of all channels performing this activity. The task of creating relevant copy for each ad group also drew significant engagement, practiced by 74 percent of all companies.

Notably, B2C companies report a keener focus on the mechanics of PPC, with 59 percent employing manual bidding for clicks, and 54 percent of blended organizations deploying automatic bidding for clicks. Ad scheduling or day-parting is used by only 41 percent of B2B firms, even though the target audience of businesses searches heavily during business hours.

"We are very specific in our advertising and spend a lot of time optimizing ad copy, sending traffic to very targeted landing pages, and making sure we advertise on the best terms for the user." – Marketer Insight

Chart: PPC tactics, by organization size

Tactic	Small <100	Medium 100 - 1,000	Large > 1,000
Creating highly targeted ad groups	78%	87%	88%
Creating relevant ad copy for each ad group	70%	77%	81%
Manual bidding for clicks	50%	58%	44%
Split testing ad copy	46%	51%	44%
Automatic bidding for clicks	41%	46%	54%
Ad scheduling	43%	44%	33%
Rotating ads to optimize for conversions	41%	37%	37%
Rotating ads to optimize for clicks	37%	31%	37%
Split testing landing pages	31%	32%	40%
Rotating ads evenly	33%	30%	16%
Bidding for target position preference	21%	26%	33%
Experimenting with matching options	22%	22%	21%
Bidding for target Cost per Action	21%	17%	33%

■ Small <100
■ Medium 100 - 1,000
■ Large > 1,000

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Large organizations focus heavily in two main areas: Creating highly targeted ad groups; and creating relevant ad copy for each ad group. Usage of other PPC tactics falls by one-third to more than one-half for other tactics.

One-third of large companies also bid on target position preference and target cost-per-action, with 37 percent rotating ads to optimize for conversions. Tactics like these support their main objectives of improving brand awareness and increasing ROI.

Fifty-eight percent of medium-sized organizations manually bid for clicks. More than half also run split tests on their ad copy. These tactics suggest a heavy level of involvement with campaigns.

Chart: PPC tactics, by industry

Creating highly targeted ad groups
- 87%
- 76%
- 80%
- 75%
- 88%

Creating relevant ad copy for each ad group
- 77%
- 69%
- 71%
- 79%
- 76%

Manual bidding for clicks
- 50%
- 52%
- 55%
- 43%
- 51%

Split testing ad copy
- 33%
- 35%
- 50%
- 45%
- 54%

Automatic bidding for clicks
- 40%
- 41%
- 52%
- 36%
- 39%

Ad scheduling
- 27%
- 35%
- 50%
- 43%
- 44%

Rotating ads to optimize for conversions
- 43%
- 31%
- 50%
- 30%
- 49%

Rotating ads to optimize for clicks
- 30%
- 41%
- 41%
- 28%
- 42%

Split testing landing pages
- 27%
- 28%
- 32%
- 30%
- 46%

Rotating ads evenly
- 27%
- 28%
- 34%
- 19%
- 37%

Bidding for target position preference
- 20%
- 14%
- 25%
- 21%
- 34%

Experimenting with matching options
- 17%
- 14%
- 18%
- 19%
- 29%

Bidding for target Cost per Action
- 17%
- 17%
- 30%
- 9%
- 31%

Legend:
- Education or Healthcare
- Media or Publishing
- Retail or E-commerce
- Prof or Financial Services
- Software/SaaS

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

SPLIT TESTING LANDING PAGES CONSIDERED TO BE THE MOST DIFFICULT

Chart: PPC tactics vary widely in their degree of difficulty to execute

Q. Please indicate the DEGREE OF DIFFICULTY (time, effort and expense required) for each of the PPC tactics used by your organization.

Legend: ■ Very difficult   ■ Somewhat difficult   ■ Not difficult

Tactic	Very difficult	Somewhat difficult	Not difficult
Split testing landing pages	31%	38%	24%
Creating relevant ad copy for each ad group	20%	47%	27%
Rotating ads to optimize for conversions	16%	20%	56%
Split testing ad copy	13%	38%	42%
Creating highly targeted ad groups	11%	51%	35%
Manual bidding for clicks	9%	39%	47%
Ad scheduling	8%	12%	71%
Rotating ads to optimize for clicks	7%	16%	68%
Bidding for target Cost per Action	6%	52%	30%
Bidding for target position preference	6%	29%	59%
Experimenting with matching options	4%	37%	52%
Automatic bidding for clicks	3%	23%	61%
Rotating ads evenly	15%		80%

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Not surprisingly, designing and executing split testing on landing pages, which requires statistical know-how and interfacing with both Web-development and IT, is considered very or somewhat difficult for 69 percent of marketers. These challenges also help explain why only 33 percent of marketers deploy this tactic for PPC campaigns.

For other PPC tactics, no direct correlation exists between their difficulty ratings and frequency of use. For example, while 51 percent rate split testing ad copy either somewhat or very difficult, 47 percent continue to utilize it in campaigns.

Chart: Top 10 PPC tactics deemed very or somewhat difficult, by PPC maturity phase
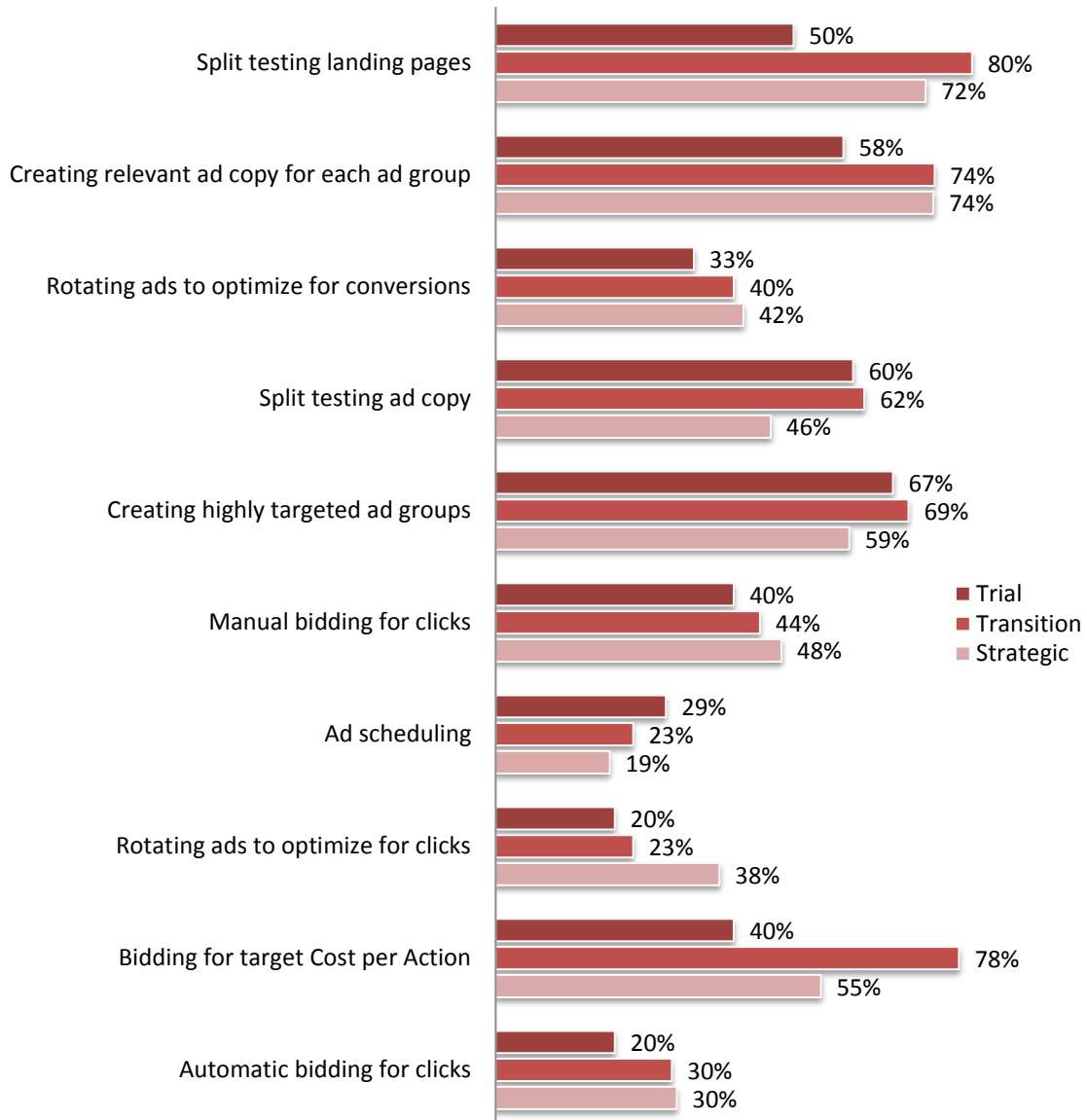
Tactic	Trial	Transition	Strategic
Split testing landing pages	50%	80%	72%
Creating relevant ad copy for each ad group	58%	74%	74%
Rotating ads to optimize for conversions	33%	40%	42%
Split testing ad copy	60%	62%	46%
Creating highly targeted ad groups	67%	69%	59%
Manual bidding for clicks	40%	44%	48%
Ad scheduling	29%	23%	19%
Rotating ads to optimize for clicks	20%	23%	38%
Bidding for target Cost per Action	40%	78%	55%
Automatic bidding for clicks	20%	30%	30%

■ Trial
■ Transition
■ Strategic

Transition organizations, or those with informal PPC processes sporadically applied, find a greater number of tactics more challenging than their counterparts in other phases. Transition companies are moving toward experimenting with and applying more advanced PPC strategies, such as testing and bidding for target cost-per-action. Before perfecting these tactics, they must go through a learning curve. Split testing is particularly difficult in terms of time, effort and expense for these organizations, with 80 percent challenged with performing this on landing pages, and 62 percent on ad copy.

Trial organizations seem to find many of these tactics less difficult. It is important to note that a smaller percentage of them are employing most of these tactics. Moreover, the perceived level of difficulty is only half the equation; using a tactic effectively is the other half. Here, Trial organizations falter.

Chart: PPC tactics deemed very or somewhat difficult, by primary channel
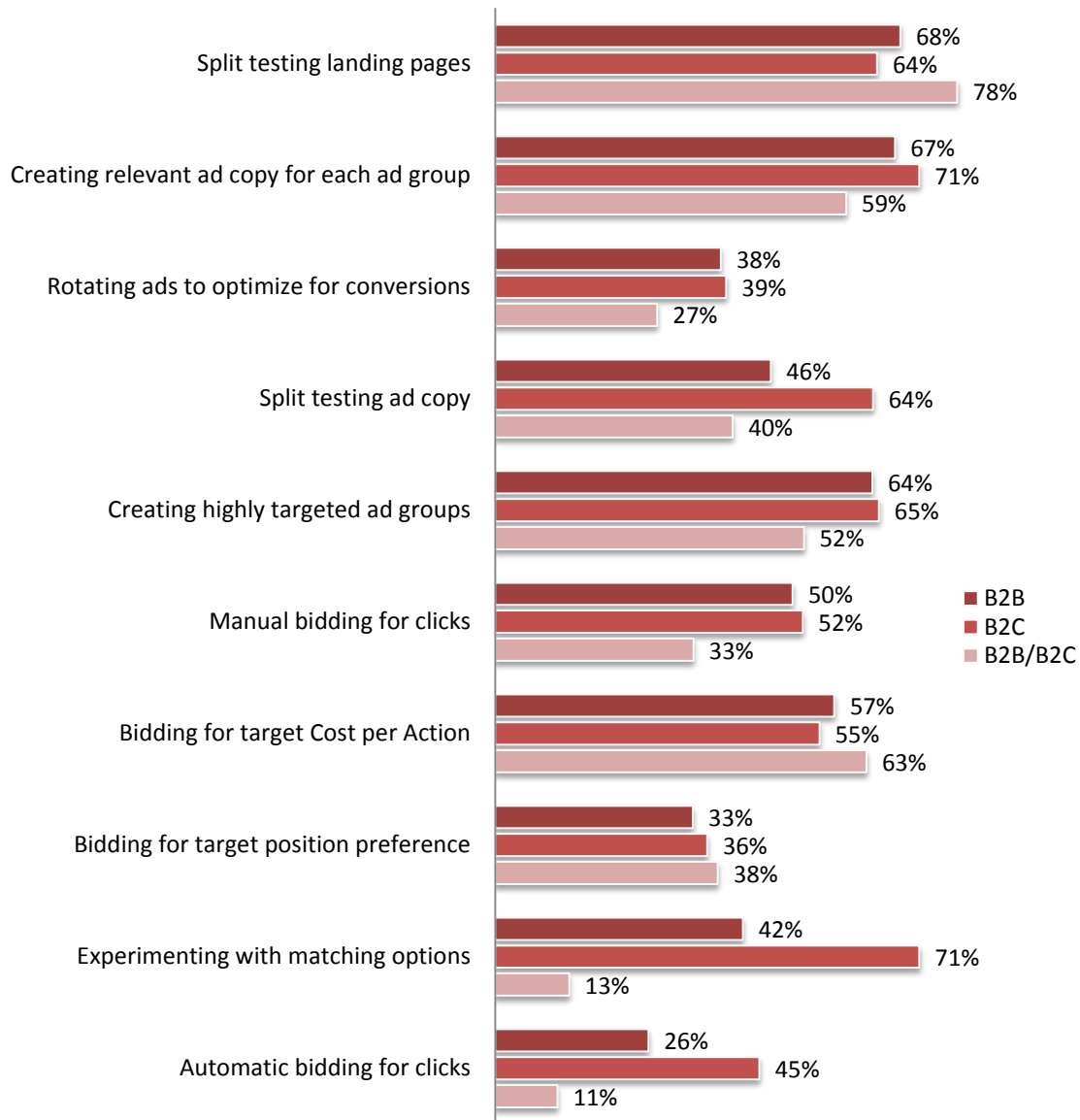
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Landing page optimization -- a collaboration between marketing and Web developers, often requiring new technology -- is a challenge for all channels. Nearly 80 percent of B2B/B2C companies consider split testing landing pages at least somewhat difficult, with 68 percent of B2B, and 64 percent of B2C companies experiencing the same.

In spite of only 19 percent of B2C companies experimenting with keyword match options, nearly three-quarters of them find this tactic taxing. Keyword matching can significantly improve PPC results; it is therefore important for organizations to identify the correct recipe of broad, exact and phrase match types.

"The right keyword matching option increases the quality of leads (higher conversion rate and retention), which ultimately brings down the cost-per-conversion." – Marketer Insight

Chart: Top 10 PPC tactics deemed very or somewhat difficult, by organization size

Tactic	Small <100	Medium 100 - 1,000	Large > 1,000
Split testing landing pages	73%	38%	79%
Creating relevant ad copy for each ad group	73%	54%	67%
Rotating ads to optimize for conversions	32%	15%	64%
Split testing ad copy	57%	35%	62%
Creating highly targeted ad groups	62%	52%	69%
Manual bidding for clicks	50%	55%	31%
Ad scheduling	15%	21%	18%
Bidding for target Cost per Action	63%	50%	55%
Bidding for target position preference	33%	38%	38%
Automatic bidding for clicks	26%	17%	31%

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Methodology: Fielded April 2011, N=1,530

Interestingly, many PPC tactics present greater degrees of difficulty for small and large companies than they do for medium-sized companies. For example, split testing landing pages is a top challenge for small and large companies, yet half as many medium-sized companies say the same. A similar imbalance exists for split testing ad copy, where small and large companies struggle with this to a larger extent.

Medium-sized companies find manual bidding for clicks more difficult than other organizations do. Organizations use this option when they know which keywords or ad placements are most profitable. They can then direct more advertising budget to those keywords and ad placements. This tactic can prove difficult, however, because companies need to devote time to managing manual bids. Additionally, they must develop an understanding into which keywords or placements are in fact the most profitable.

SPLIT TESTING LANDING PAGES MAY BE DIFFICULT, BUT IT IS VERY EFFECTIVE

Chart: Creating highly-targeted ad groups is the most effective PPC tactic

Q. Please indicate the LEVEL OF EFFECTIVENESS (in terms of achieving objectives) for each of the PPC tactics used by your organization.

■ Very effective ■ Somewhat effective ■ Not effective

Tactic	Very effective	Somewhat effective	Not effective
Creating highly-targeted ad groups	52%	35%	8%
Split testing landing pages	49%	39%	7%
Creating relevant ad copy for each ad group	45%	38%	10%
Experimenting with matching options	45%	45%	7%
Split testing ad copy	38%	49%	5%
Bidding for target position preference	29%	55%	13%
Rotating ads to optimize for conversions	27%	46%	16%
Bidding for target Cost per Action	26%	61%	9%
Rotating ads evenly	22%	51%	22%
Rotating ads to optimize for clicks	20%	50%	16%
Manual bidding for clicks	19%	59%	14%
Ad scheduling	15%	63%	10%
Automatic bidding for clicks	14%	46%	23%

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Methodology: Fielded April 2011, N=1,530

Correctly structuring ad groups has a dramatic impact on quality scores and by extension ROI. As such, 82 percent of marketers actively do this, with 87 percent rating this tactic as very or somewhat effective. On the other end, experimenting with matching options nets more than 90 percent for success, but only 22 percent of marketers incorporate this into PPC campaigns.

Testing is also seen as a vital component to PPC success. While 30 percent rate split testing landing pages very difficult, 49 percent of organizations deem this tactic to be very effective. Despite this high regard, only 33 percent of organizations carry out this tactic.

Chart: PPC tactics deemed very effective, by PPC maturity phase

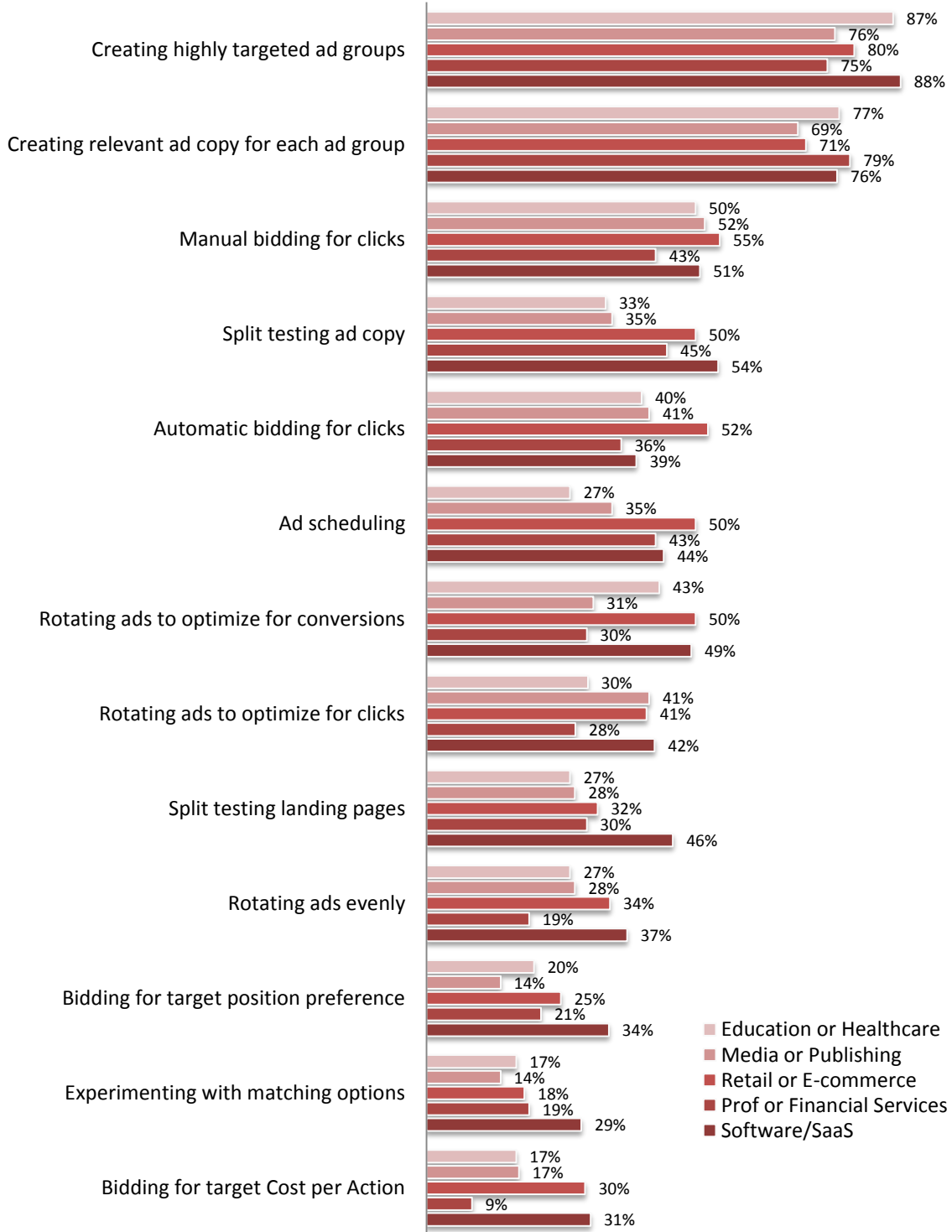| Tactic	Trial	Transition	Strategic
Creating highly-targeted ad groups	24%	48%	70%
Split testing landing pages	0%	36%	65%
Creating relevant ad copy for each ad group	20%	36%	66%
Experimenting with matching options	0%	63%	57%
Split testing ad copy	38%	33%	41%
Bidding for target position preference	20%	40%	27%
Rotating ads to optimize for conversions	0%	21%	33%
Bidding for target Cost per Action	0%	50%	56%
Rotating ads evenly	13%	17%	46%
Rotating ads to optimize for clicks	29%	13%	23%
Manual bidding for clicks	0%	16%	33%
Ad scheduling	0%	8%	23%
Automatic bidding for clicks	0%	4%	35%

Legend: ■ Trial ■ Transition ■ Strategic

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

This chart showcases the percentage of organizations (by PPC maturity phase) that deem a tactic *very effective* in achieving their marketing objectives.

What is most telling is how so many PPC tactics could not be rated as very effective by Trial organizations in terms of helping them achieve their objectives. For a tactic to be very effective, particularly for the more challenging tactics, it must be executed well. These organizations lack a systematic process for the planning, executing and measuring of PPC campaigns. Not only do a smaller number of Trial organizations even attempt these tactics, as illustrated in an earlier chart, but this lack of a formal procedure prevents them from achieving success.

Chart: PPC tactics deemed very or somewhat effective, by PPC maturity phase

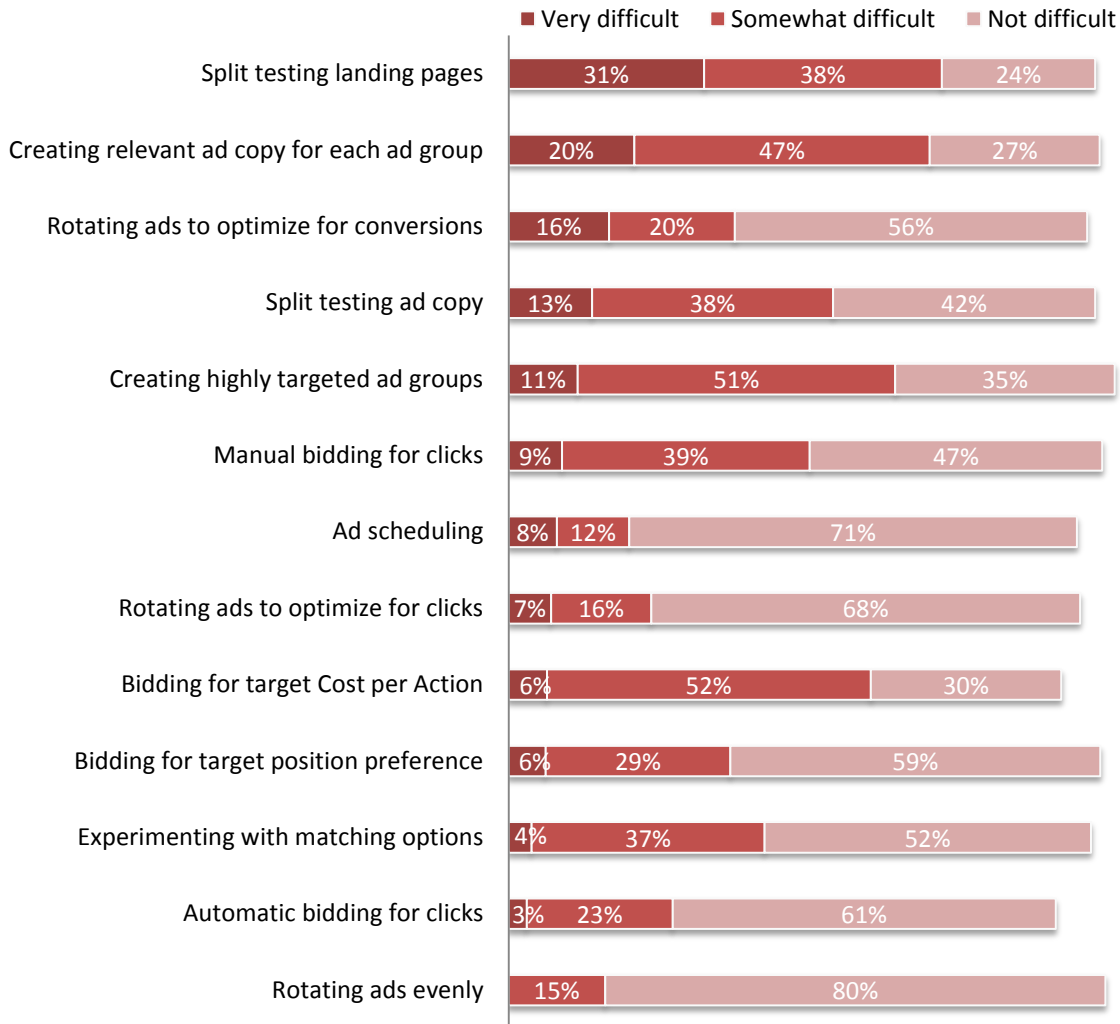| Tactic	Trial	Transition	Strategic
Creating highly-targeted ad groups	68%	88%	97%
Split testing landing pages	80%	82%	90%
Creating relevant ad copy for each ad group	70%	81%	94%
Experimenting with matching options	75%	88%	100%
Split testing ad copy	75%	79%	93%
Bidding for target position preference	60%	100%	87%
Rotating ads to optimize for conversions	100%	69%	75%
Bidding for target Cost per Action	57%	100%	100%
Rotating ads evenly	63%	67%	100%
Rotating ads to optimize for clicks	57%	60%	86%
Manual bidding for clicks	73%	80%	71%
Ad scheduling	67%	81%	73%
Automatic bidding for clicks	44%	61%	65%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

This chart depicts the percentage of organizations that find a PPC tactic *either* very *or* somewhat effective in achieving their marketing objectives.

Trial organizations still find less overall success with these PPC tactics than the organizations in the other phases of PPC maturity. As they develop a strategy and structure a process for their PPC campaigns, these companies will likely experience greater yields from PPC efforts.

"We are still working to understand how to improve through research, trial and error." – Trial Phase Marketer insight

Chart: PPC tactics deemed very effective, by primary channel

| Tactic	B2B	B2C	B2B/B2C
Creating highly-targeted ad groups	48%	52%	64%
Split testing landing pages	32%	67%	60%
Creating relevant ad copy for each ad group	39%	42%	67%
Experimenting with matching options	39%	43%	55%
Split testing ad copy	21%	50%	59%
Bidding for target position preference	24%	50%	25%
Rotating ads to optimize for conversions	21%	25%	38%
Bidding for target Cost per Action	44%	10%	25%
Rotating ads evenly	12%	11%	46%
Rotating ads to optimize for clicks	13%	14%	39%
Manual bidding for clicks	12%	27%	29%
Ad scheduling	7%	25%	25%
Automatic bidding for clicks	5%	18%	23%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Organizations marketing to both business and consumer channels find more success with PPC tactics than organizations marketing exclusively to one channel. Relevance is a common theme here. With the need to speak to a varied audience, 67 percent of these organizations said creating relevant ad copy was a very effective method for finding qualified prospects. In a similar vein, 64 percent of them reported great results with creating highly-targeted ad groups. Fifty-five percent also deemed the time-intensive strategy of experimenting with keyword matching options a very effective tactic.

B2B companies found the most success with bidding for target cost-per-action. As these companies are focused on lead generation, tying the performance of a PPC campaign to a conversion activity can prove fruitful in both increasing traffic and conversions.

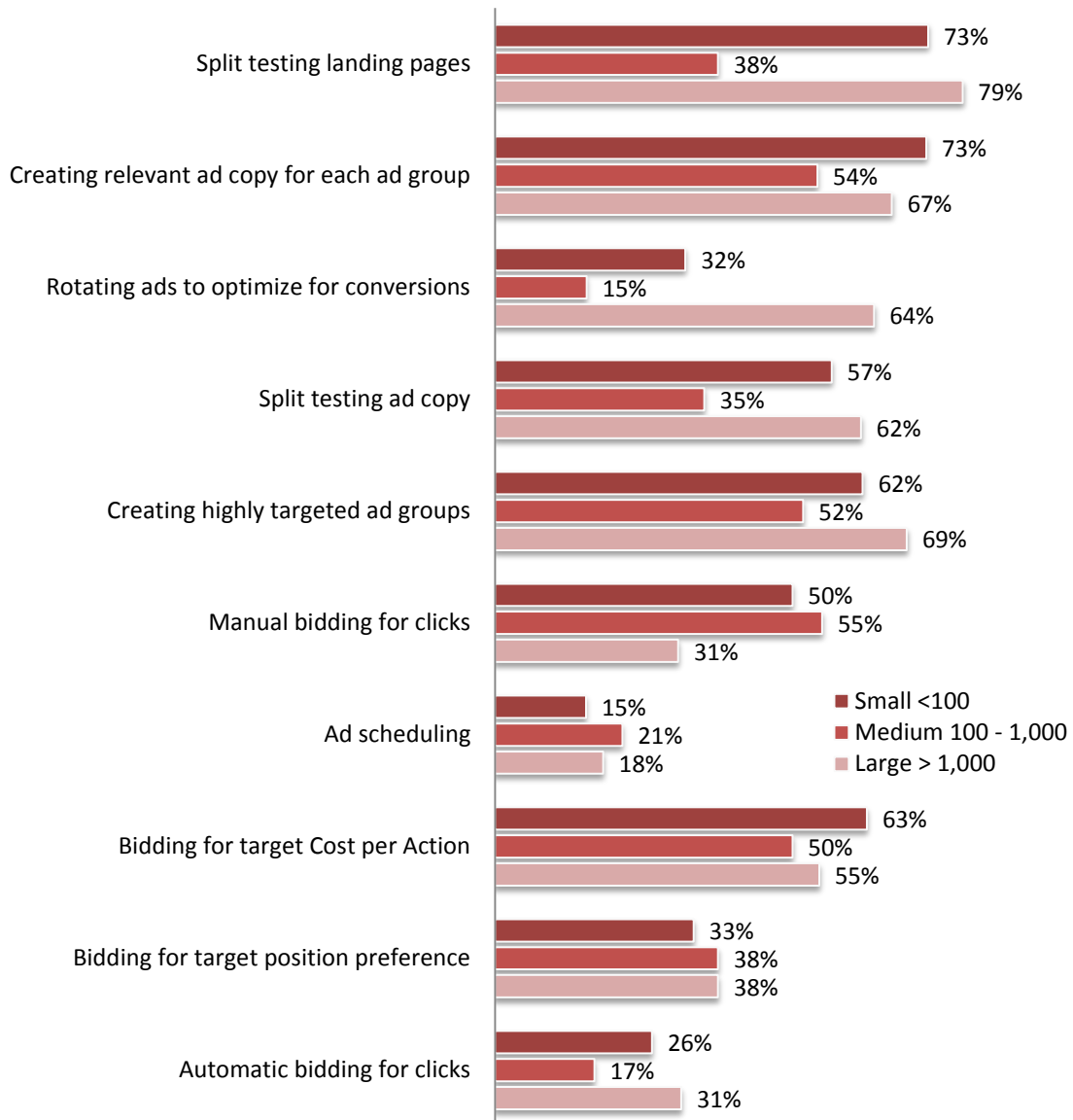**Chart: Top PPC tactics deemed very effective, by organization size**
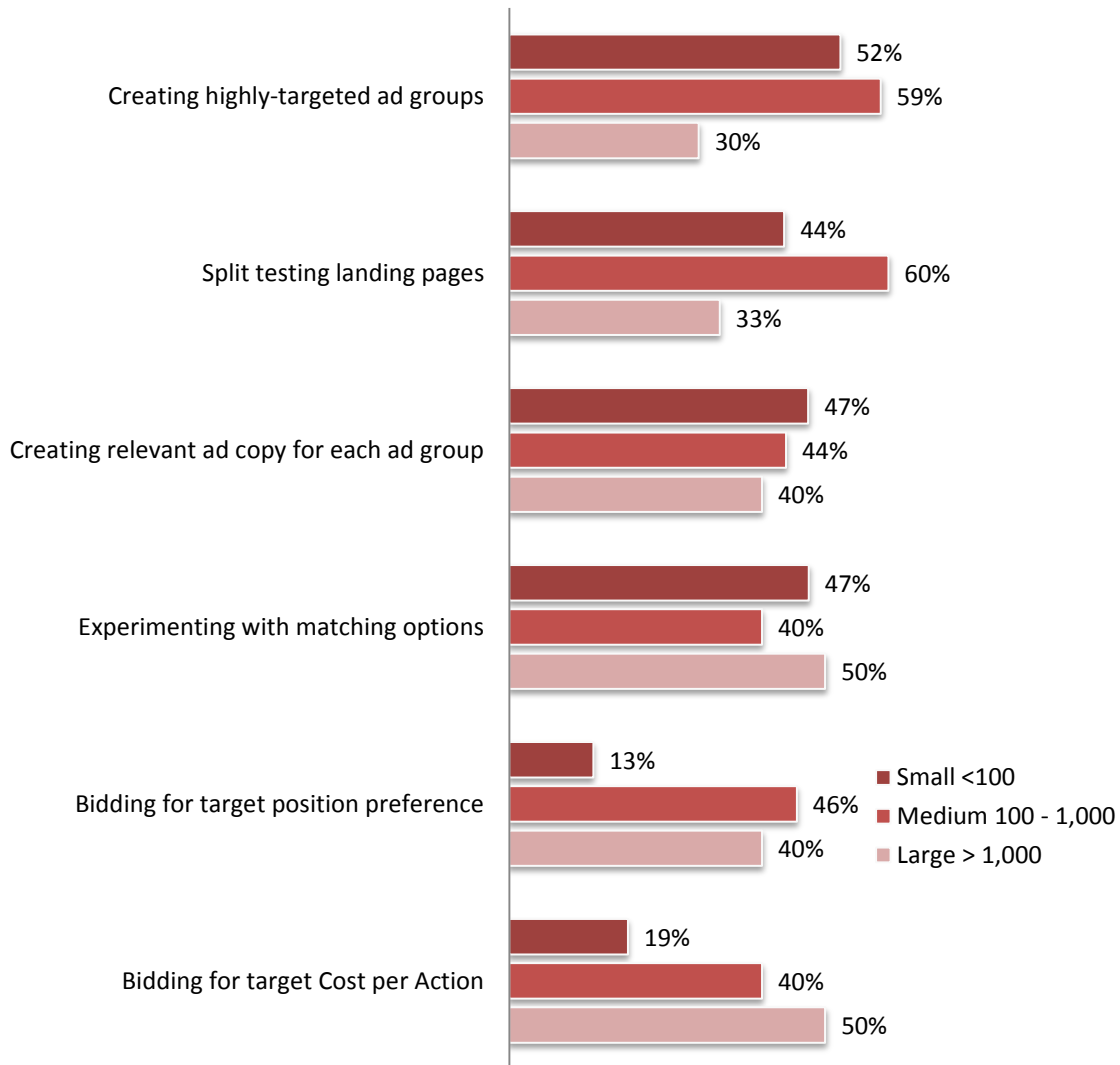
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Half of large organizations find bidding for target cost-per-action a very effective tactic. This tactic puts the focus on increasing profits and simultaneously requires less time to be spent on managing bids, an attractive option for companies with extensive PPC campaigns.

Sixty percent of medium-sized firms favorably rated split testing landing pages. Their success with this tactic may be attributed to their relative ease in executing this tactic, represented by only 38 percent reporting difficulty with split testing.

"Testing of messaging with A/B/C ads has killed two birds with one stone: refined the message and increased traffic." – Marketer insight

ADS ON SOCIAL MEDIA SITES JUST AS EFFECTIVE AS ADS ON CONTENT NETWORK

Chart: Level of effectiveness, by advertising network

Q. Please indicate the LEVEL OF EFFECTIVENESS (in terms of achieving objectives) for each of the advertising options your organization is using.
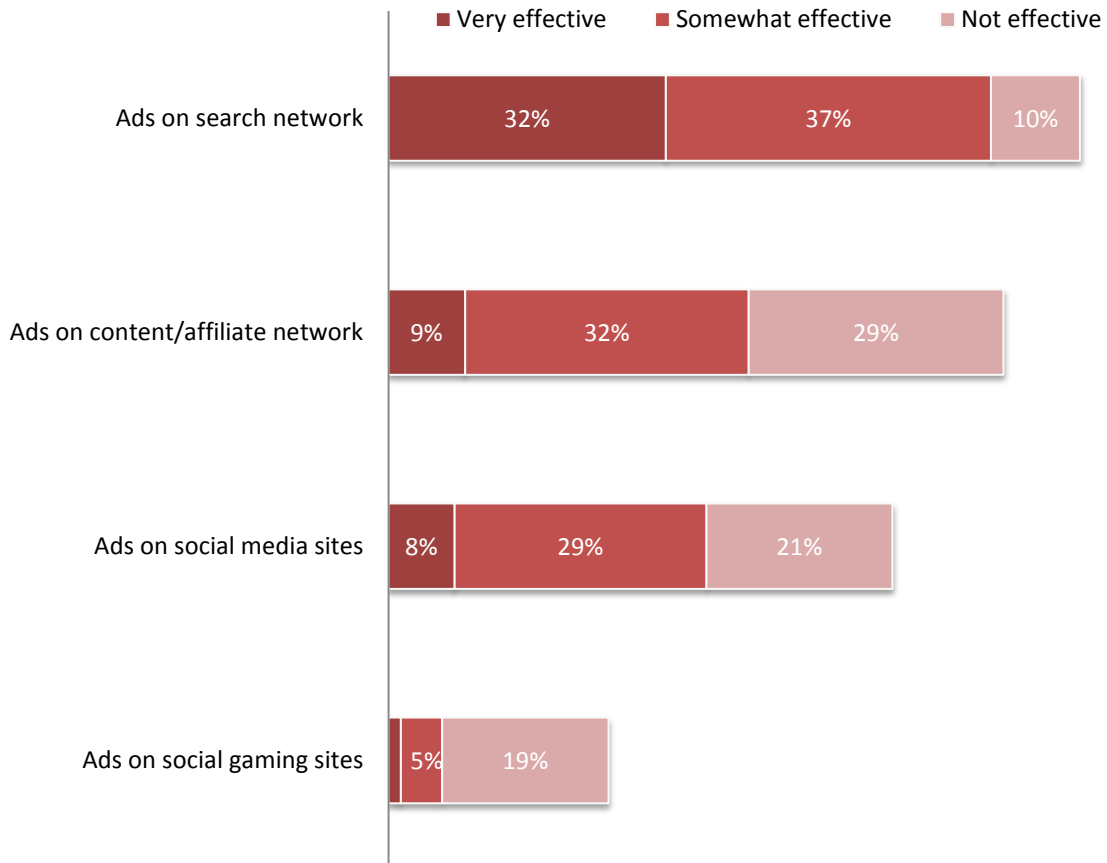
■ Very effective   ■ Somewhat effective   ■ Not effective

Category	Very effective	Somewhat effective	Not effective
Ads on search network	32%	37%	10%
Ads on content/affiliate network	9%	32%	29%
Ads on social media sites	8%	29%	21%
Ads on social gaming sites		5%	19%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Search networks are still the preferred location to run PPC ads for marketers, indicated by marketers' ratings on the effectiveness of various advertising network or platform options. Nearly one-third of marketers think that ads on search networks are very effective in helping them achieve marketing objectives. By contrast, less than one of every ten marketers finds that running ads on either the content network or social media sites are very effective options. Organizations do not completely shy away from these locations, however, as a fair percentage of them do find these options at least somewhat effective.

Ads on social gaming sites barely registered in terms of effectiveness ratings. Only a miniscule percentage of organizations could consider these somewhat effective. The majority of organizations simply did not know, indicating a lack of involvement on that platform.

MARKETER INSIGHTS ON SUCCESS WITH PPC TACTICS

Q. In your experience, what have you found to be the most effective tactics for improving quality score?

- Focused ad text and relevant landing pages/content.

- Following what competitors do.

- Using targeted keywords to focus on what terms customers are typing in during their search.

- Paying attention to written ad copy.

- Tweaking the offer (e.g., whitepaper, interactive tool, etc.) and keyword combo.

- Good CTR and conversion rates.

- Using keywords in two of the three lines of the ad.

- Testing landing pages

- A/B testing ads and refining search terms. Basically trial and error through testing. Getting the ads to display is often difficult, but once you get an ad to start getting impressions, it's easy to get immediate feedback through clickthrough data.

- Manual bidding allows keeping cost under control, as well as ad scheduling (not to be displayed during non-performing hours).

- Pulling keywords and working with those which have the highest quality score.

- Testing split landing pages gave us a lot of insight in how to increase ROI easily.

- Targeting keywords more closely and using negative key words based on what people used for inappropriate clicks.

- Creating relevant ad copy and highly targeted keywords (including negative keywords) has assisted us in improving quality over quantity of clicks.

- Ad testing produces the most insight, while matching options delivers the highest ROI.

- Bidding only on relevant keywords. Improving on-page content.

- Efficiently expressing the value proposition and focusing on the benefits vs. features.

- End-to-end optimization from ad text to copy on the landing page.

- Giving searchers what they're looking for: relevant ads and relevant landing pages.

- Improving positions to get higher clickthrough rates.

- Manual CPC setting and creating highly targeted keywords are most effective.

- Quality content on the subject being queried.

- Split testing. Rotating ads. Compelling ad copy.

- Match key phrase to ad to landing page and start with high bid.

- Refining copy and bidding higher.

- We rarely use broad matching, as we've found that it can decrease quality score in areas.

- Increasing the frequency of keywords with a low quality score appearing on a page seems to help improve quality score. Usually more noticeable in less frequently searched words.

- Divide your ad groups into very targeted keywords, with about five keywords in each group. These keywords should appear and be relevant to your ads.

- Matching target key words with customized offers and landing pages. Asking for no more than four fields to be filled out at time of registration.

- Market segmentation, exhaustive research, and highly effective and pertinent ad copy aimed at the aforementioned segment. Attention to each segment is critical.

- The right keyword matching option increases the quality of leads (higher conversion rate and retention), which ultimately brings down the cost-per-conversion.

CHAPTER 4: MONITORING AND TRACKING METRICS

Website conversions are outcomes that measure the true success of PPC campaigns. Driving traffic to a website is pointless if the visitors do not take the intended action, whether it is purchasing a product or signing up for a newsletter.

WEB CONVERSION OFTEN DEFINED AS MULTIPLE-FIELD FORM COMPLETION

Chart: How organizations define a website conversion

Q. How does your organization define a conversion on your website?
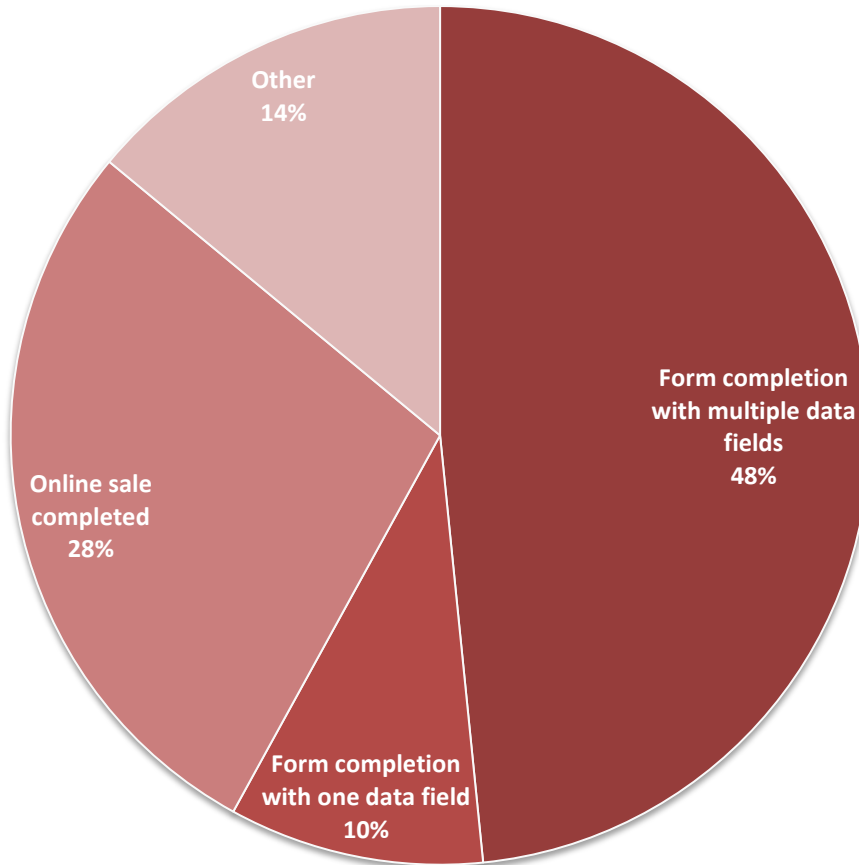
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

The successful completion of a sale is considered to be a website conversion by just 28 percent of organizations. By contrast, more than twice as many organizations define a conversion as simply securing some degree of information from a Web visitor. Completing a form with one or more data fields is a common practice. Often, these forms mediate an exchange of value – content for contact information. For example, B2B websites may focus on gathering contact information from a prospective client by supplying branded whitepapers with information that can be used in the visitor's decision-making process, as well as the decision-making processes of others in the chain.

Chart: Forty percent of organizations attain PPC clickthrough rates of just 1%

Q. What is your organization's average PPC clickthrough rate (not including contextual/affiliate advertising)?
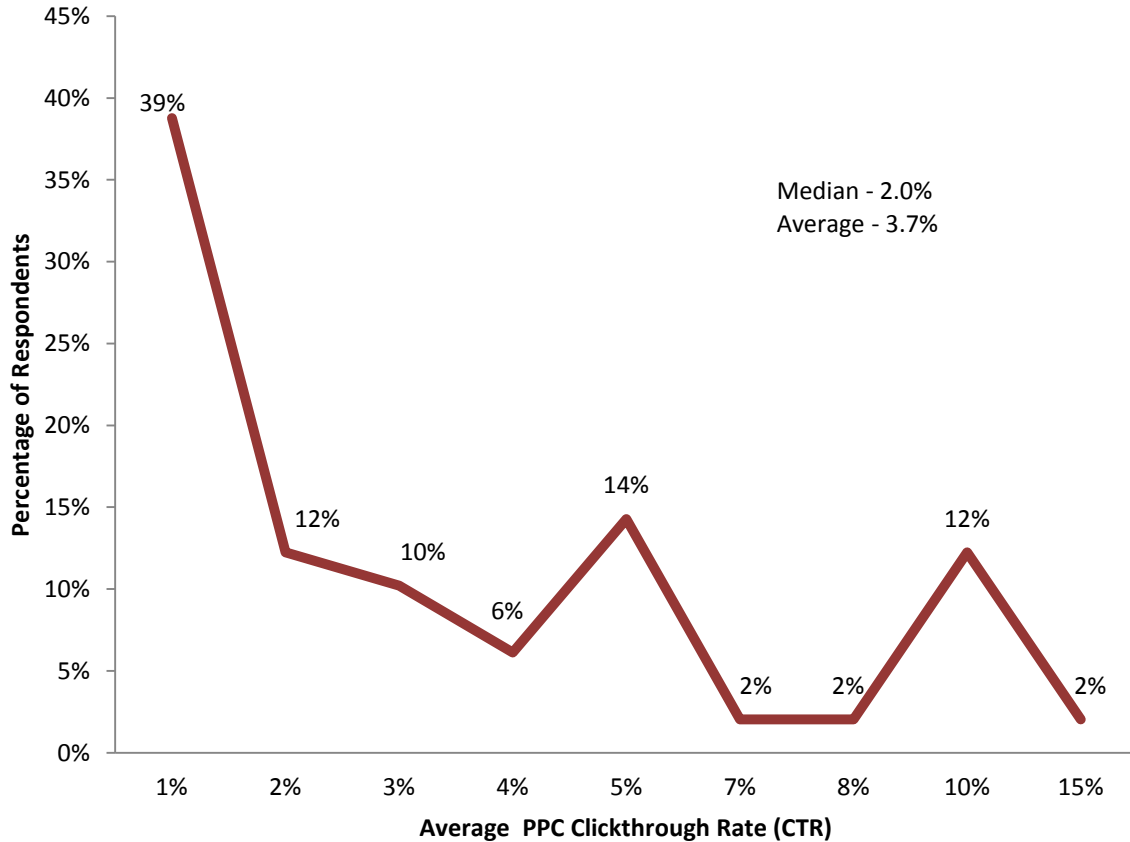
Median - 2.0%
Average - 3.7%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Nearly 40 percent of all organizations attain clickthrough rates (CTR) of just one percent on their PPC campaigns. The average CTR is nearly quadruple that at 3.7 percent, although the median rate is half as much at just two percent.

It is important to have a handle on clickthrough rates because these are a determining factor in quality scores. Clickthrough rates are measured across many aspects of the campaign, such as the historical clickthrough rates of a keyword, its matched ad, and the account history, which is a composite measurement of the CTR of all ads and keywords in the account. Another factor that affects quality scores is the clickthrough rate of display URLs.

Companies that want to increase CTR should, first and foremost, focus on ad quality. Successful organizations attract more clicks by refining ads, eliminating extra impressions through choosing highly targeted keywords and ad placements, and by making use of negative keywords.

MANY MARKETERS HAVE NO READ ON HOW MANY BAD CLICKS THEY GET

Chart: Percentage of bad, unwanted or irrelevant clicks

Q. What is your organization's approximate percentage of bad, unwanted, or irrelevant clicks?
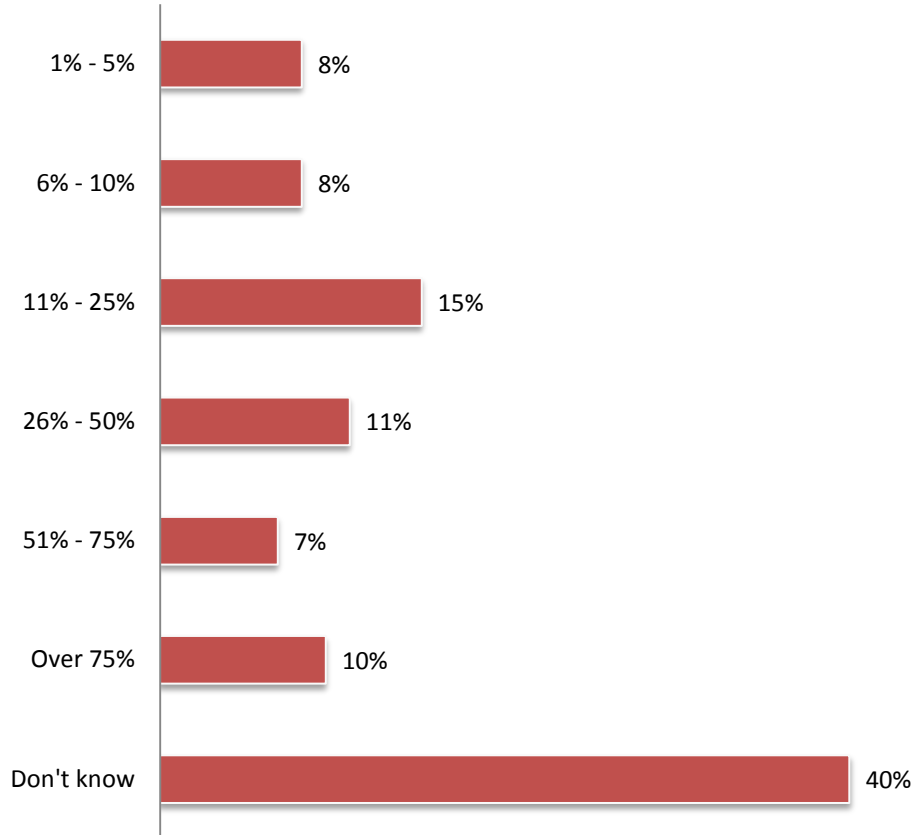
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Every click costs money, so monitoring click patterns is important for capturing any unintended or low-performing click activity.

Forty percent of organizations do not have a feel for how many bad, unwanted or irrelevant clicks they receive. Without this insight into which keywords perform, it is difficult to optimize and improve a campaign. Some broad and generic keywords can push a lot of traffic to a site; these may even prove successful. However, they can also do the opposite – draining funds with only poor results to show for the effort.

The answer for many organizations lies in search query reports. These provide intelligence into the quality of keywords, and the percentage of bad, unwanted or irrelevant clicks. Consistently monitoring these can shed light on what keywords and phrases do not convert. Once these are uncovered, and there is ample data to support the decision, irrelevant terms are easy negatives to add.

SMALL PERCENTAGE OF ORGANIZATIONS HAVE BETTER THAN AVERAGE QUALITY SCORES

Chart: Percentage of organizations by quality score

Q. What quality score do your organization's keywords typically receive?
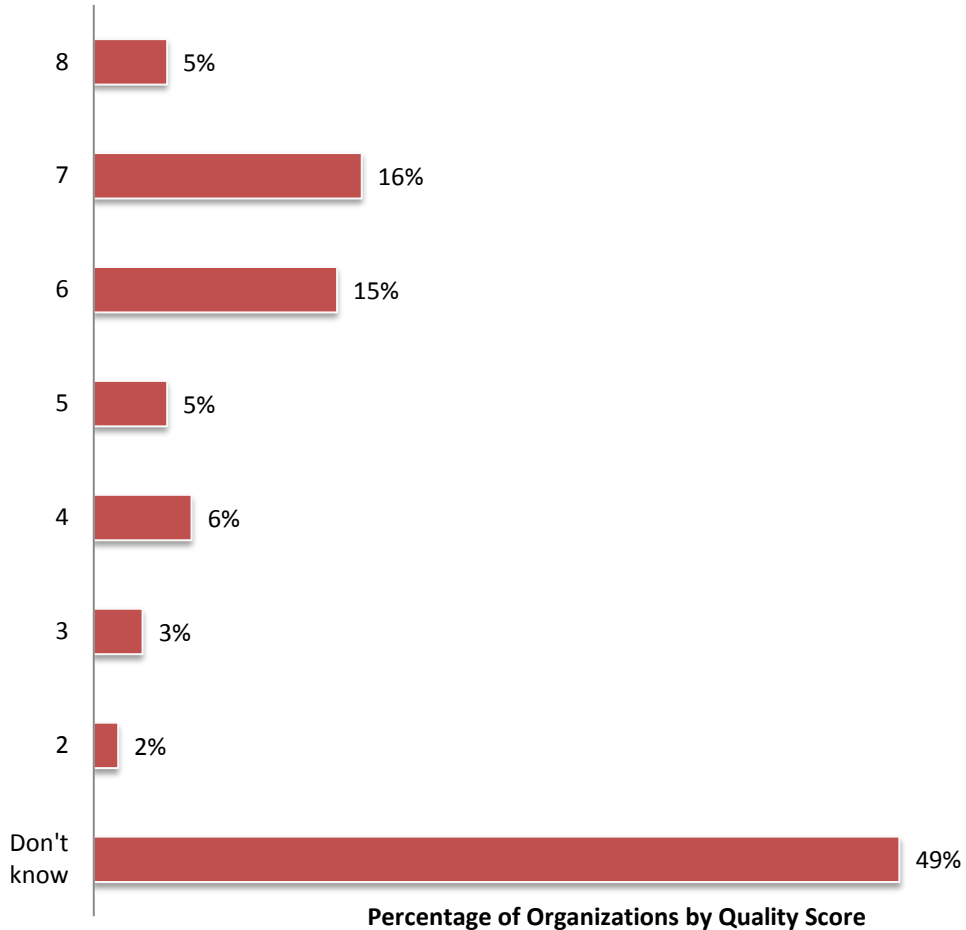
Percentage of Organizations by Quality Score

Quality Score	Percentage
8	5%
7	16%
6	15%
5	5%
4	6%
3	3%
2	2%
Don't know	49%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Quality score (or, quality index) is a key basis of measurement for quality and relevance on pay-per-click networks (e.g., Google AdWords, Yahoo! Search Marketing, Microsoft AdCenter). A keyword's quality score is frequently updated, and is closely related to its performance. This metric determines ad placement, the cost-per-click, and even whether or not ads will continue to run. Monitoring this metric is crucial, yet almost half of marketers do not know their quality scores.

"Our quality score improves when we cease using broad keywords that have high impressions, but low clickthrough rates. Our quality scores also improve when the content in the ad matches the content on the landing page. For branding, we seem to suffer lower quality scores with broad or less ideal keywords, which we still place in dedicated ad groups. We don't have ability to create as many landing pages, as there are different terms that visitors use to find us." – Marketer insight

NEARLY 40% OF ORGANIZATIONS BID ON LESS THAN 100 KEY TERMS

Chart: Number of key terms organizations bid on

Q. Approximately how many key terms does your organization bid on?
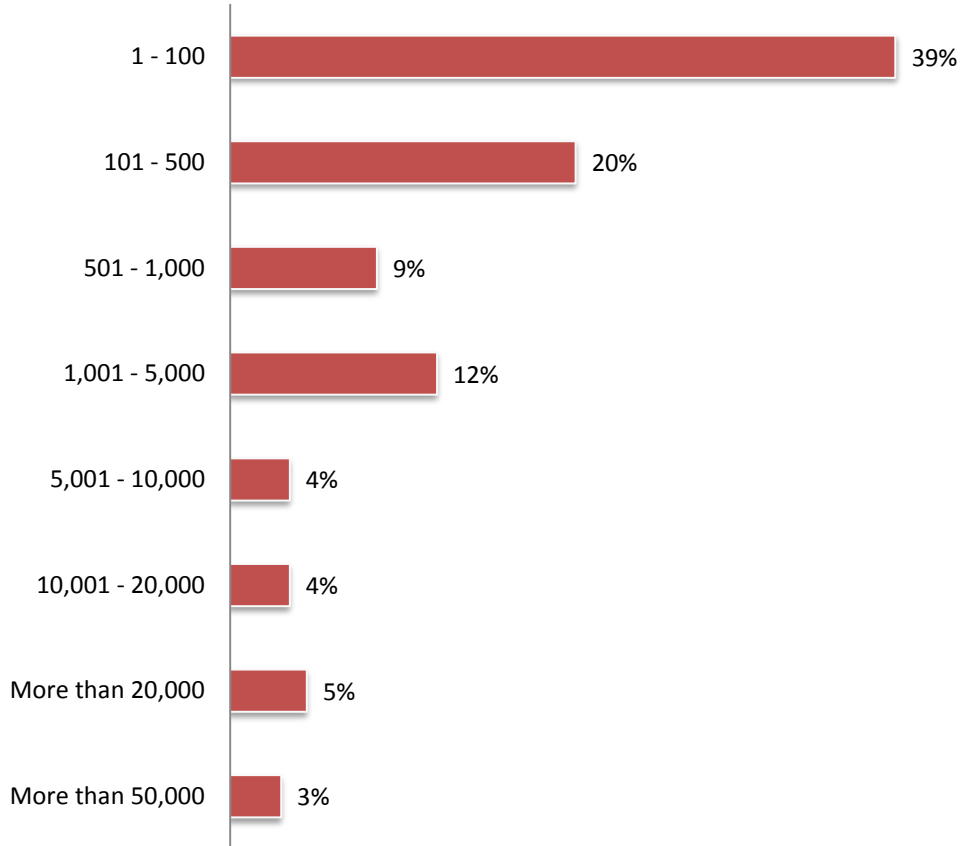
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Nearly 40 percent of organizations bid on fewer than 100 keywords, and most stick to less than 1,000. Just 28 percent of organizations bid on more than 1,000 keywords.

It can be a difficult to strike the right balance between quality and quantity. Quantity suggests that more keywords will cover more bases when customers search for products. For example, building a list and individual ads for long-tail keywords can be time-intensive, but this effort can also drive more earnings-per-click if developed with a customer understanding. Namely, generic keywords imply research, whereas specific keyword phrases indicate readiness to purchase.

The contrasting point of view speaks to quality, or going deep before going wide. Bidding on too many keywords may make it challenging to get good quality scores, while over-stretching a budget.

EXACT MATCH IS THE MOST POPULAR MATCH TYPE

Chart: Keyword match types used

Q. What keyword match type does your organization most often use?
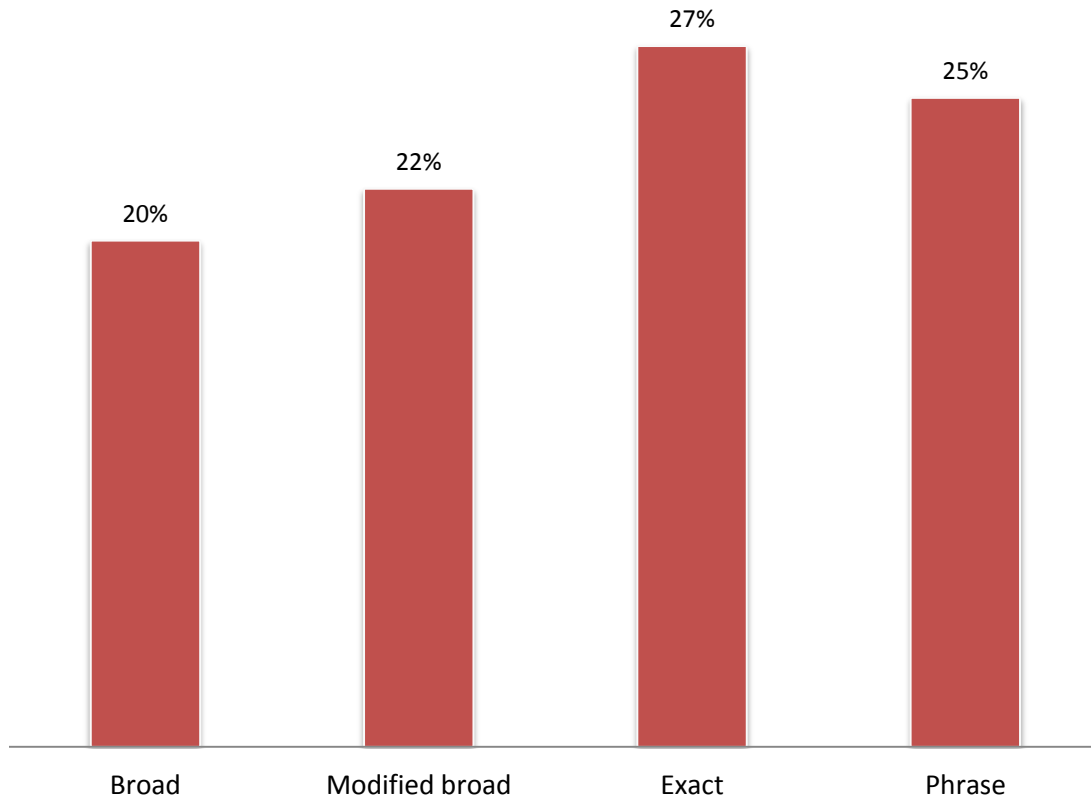
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Twenty-seven percent of organizations use the exact keyword match type most often, but overall organizations are split fairly evenly across the employed keyword matching options.

Different match types help organizations better target their audiences, which is why it is important to experiment with matching options. Some keywords create more impressions; others, fewer impressions but more clicks. By strategically using keyword matching options, marketers can reach the most appropriate prospects, potentially reduce actual CPC or CPM, and increase the ROI of campaigns.

On their own, keyword match types do nothing to improve quality scores or decrease costs. However, narrowing the field of matching, such as switching from a modified broad match keyword to an exact match keyword, will likely generate a higher CTR (not to mention better conversions) and thereby increase a keyword's quality score.

PAID SEARCH DRIVES ONE-QUARTER OF TOTAL TRAFFIC VOLUMES ON AVERAGE

Chart: Percentage of inbound traffic from paid search

Q. What percentage of your organization's total inbound traffic is from paid search?
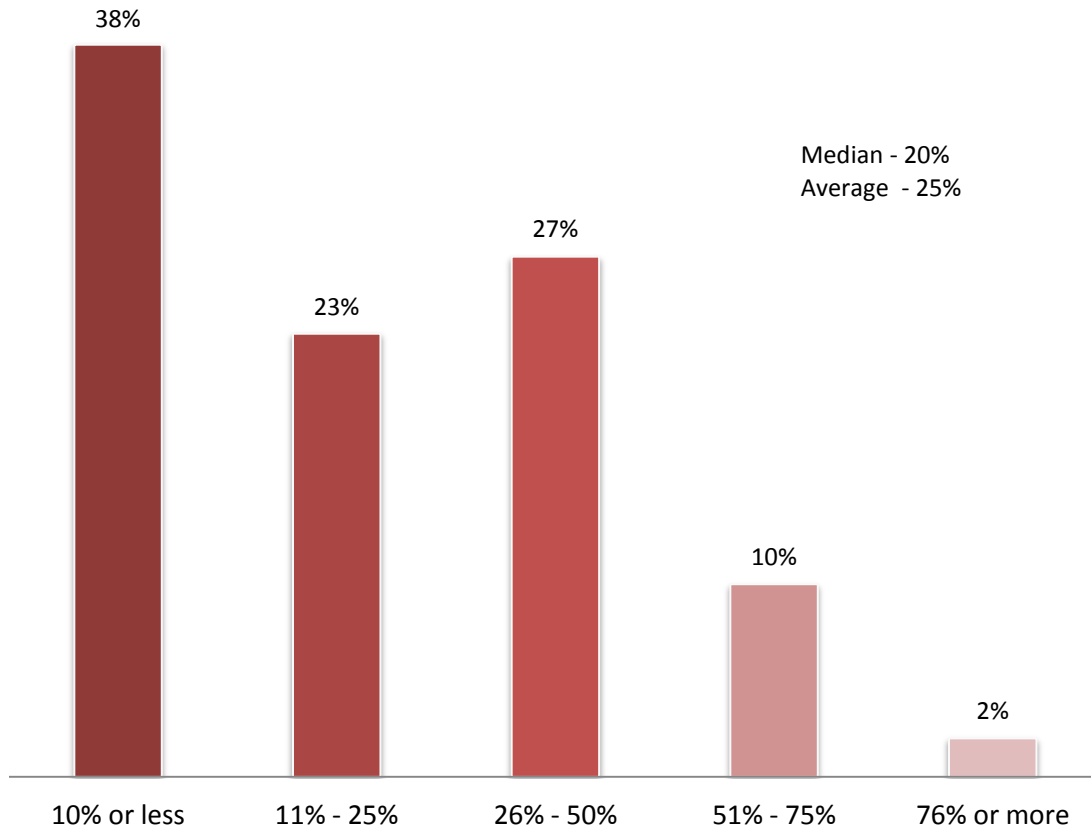
Median - 20%
Average - 25%

38% — 10% or less
23% — 11% - 25%
27% — 26% - 50%
10% — 51% - 75%
2% — 76% or more

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Paid search is a quick way to pump up traffic volume, and, as indicated earlier in this report, 63 percent of organizations cited that increasing traffic is the top objective for their PPC campaigns over the next 12 months. Traffic may be a top objective for so many organizations, simply because they want to eke out more from their paid search efforts. On average, PPC campaigns drive 25 percent of inbound Web traffic for organizations. However, nearly 40 percent receive less than 10 percent of their inbound traffic from paid search.

Paid search ads can give organizations better traffic control. An organization's top organic results page may sometimes not be the most ideal landing page. With PPC ads, marketers can send traffic to better-designed pages with higher conversion rates. For example, features such as ad sitelinks give companies (with a track record for high-quality ads) the option to add additional links under their main PPC ads. These links enable them to send traffic to more highly qualified pages and give searchers easier access to deeper website content.

MEDIAN WEB CONVERSION RATE ON PAID SEARCH TRAFFIC IS NEARLY 4%

Chart: Organizations experience wide variability in conversion rates on paid search traffic

Q. What is your organization's average PPC conversion rate (not including contextual/affiliate advertising)?
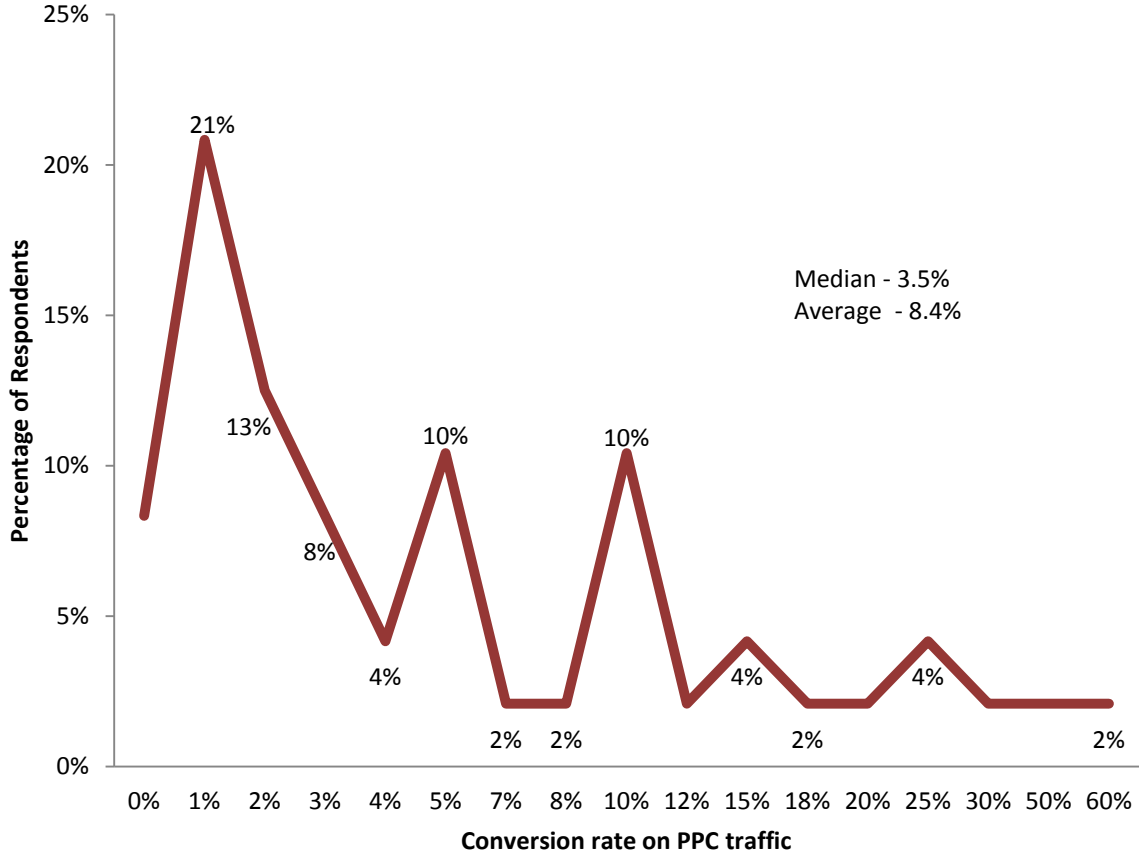
Median - 3.5%
Average - 8.4%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

The median conversion rate on Web traffic for all organizations surveyed is just under four percent, with the average Web conversion rate slightly more than double that. Put another way, 91 percent of visitors to an organization's site leave without buying or doing anything.

Understanding why is crucial for improving PPC and the marketing campaign performance. Metrics play a pivotal role in this examination. These reveal user behavior, from analyzing how visitors arrived on a site, to figuring out why they did or did not convert. A thorough analytical process includes not just a study of metrics and KPIs, but also encompasses usability analysis, A/B testing, and even landing page and sales funnel optimization.

> *"We review our highest performing keywords, both organic and PPC. Lower performing keywords are retired. Negative keywords are added. Longer keywords are also added to improve Quality Score and lower CPC."* – Marketer insight

PAID SEARCH ACCOUNTS FOR NEARLY ONE-THIRD OF TOTAL LEADS ON AVERAGE

Chart: Percentage of total traffic and total lead volume from paid search

Q. What percentage of your organization's total lead volume is generated from paid search?
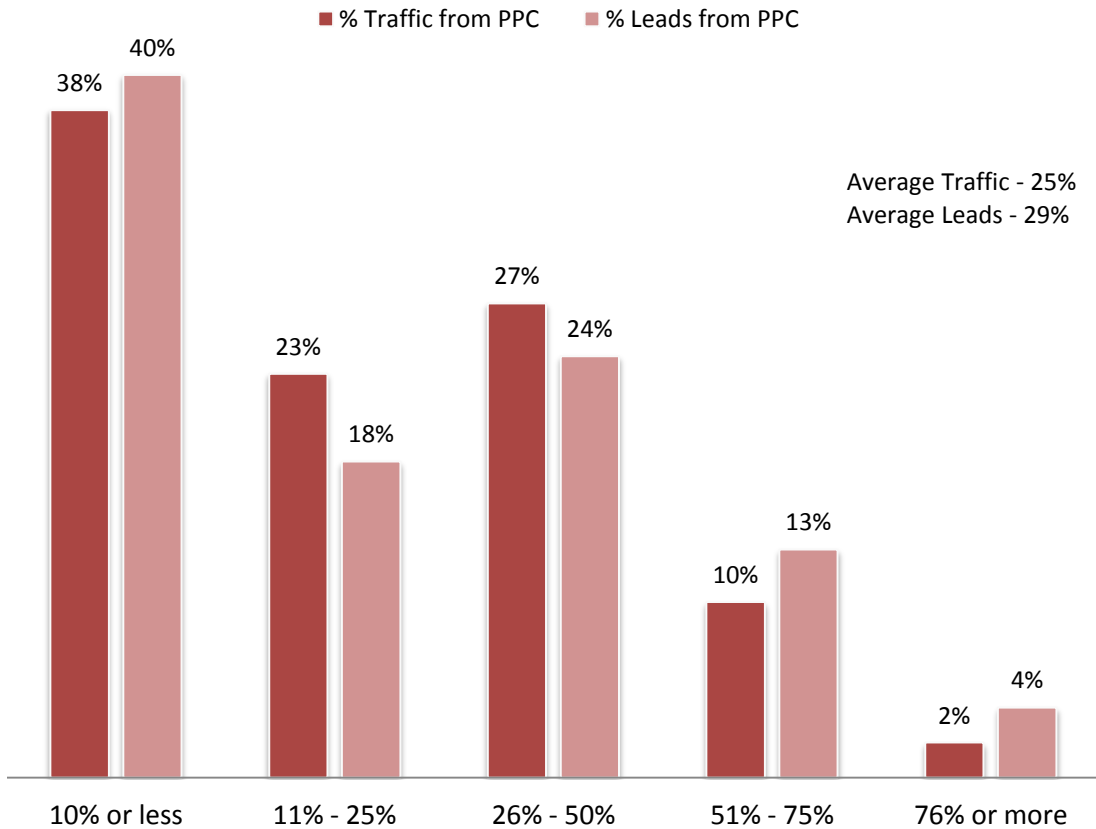
Average Traffic - 25%
Average Leads - 29%

■ % Traffic from PPC   ■ % Leads from PPC

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Paid search is an outwardly efficient tactic. On average, organizations receive 29 percent of total leads, and 25 percent of total traffic, from paid search. In other words, organizations are able to derive more leads from this source of traffic than others. This holds true for organizations that receive less than 10 percent, as well as organizations that receive more than 50 percent, of traffic and leads from sponsored ads.

Organizations that receive between 11 and 50 percent of traffic and leads from PPC receive more traffic than leads from PPC efforts. Attention to optimizing the campaign and ads can turn this around.

"We are very specific in our advertising and spend a lot of time optimizing the ad copy, sending traffic to very targeted landing pages, and making sure we advertise on the best terms for the user. Paying attention to all of these areas has allowed us to have very high quality scores across the majority of our PPC campaigns." – Marketer insight

PAID SEARCH YIELDS MIXED RESULTS FOR LEAD QUALITY, WITH SOME STANDOUTS

Chart: Quality of leads from paid search

Q. How would you rate the quality of leads generated from paid search?
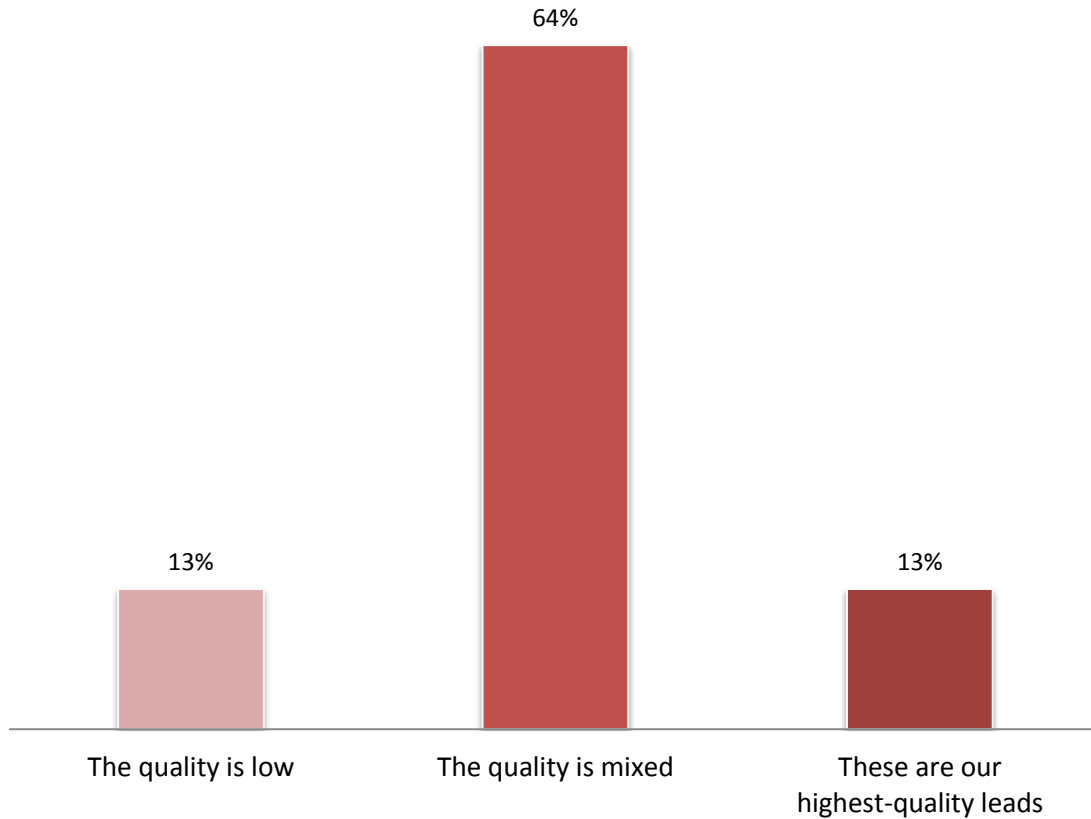
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

The majority of organizations find the quality of leads from paid search to be of mixed quality. Beyond this category, marketers are evenly split in their feedback with 13 percent rating PPC leads as low-quality, and another 13 percent assigning these high marks.

For organizations experiencing mixed results with leads, one explanation is that some of these leads simply may not be sales-ready. For those that are not, a nurturing campaign may be the answer. Through the use of complementary tactics to reach out and stay front-of-mind, these organizations can build a relationship and communicate value over a longer term. With these types of programs in place, and a focus on funnel progression from one stage to the next, low- and mixed-quality leads may just be high-quality leads-in-waiting.

FREE ANALYTICS SOLUTIONS ARE THE MOST WIDELY USED

Chart: Analytics and monitoring solutions for tracking PPC metrics

Q. Which type of analytics or monitoring solution does your organization primarily use to track PPC metrics?
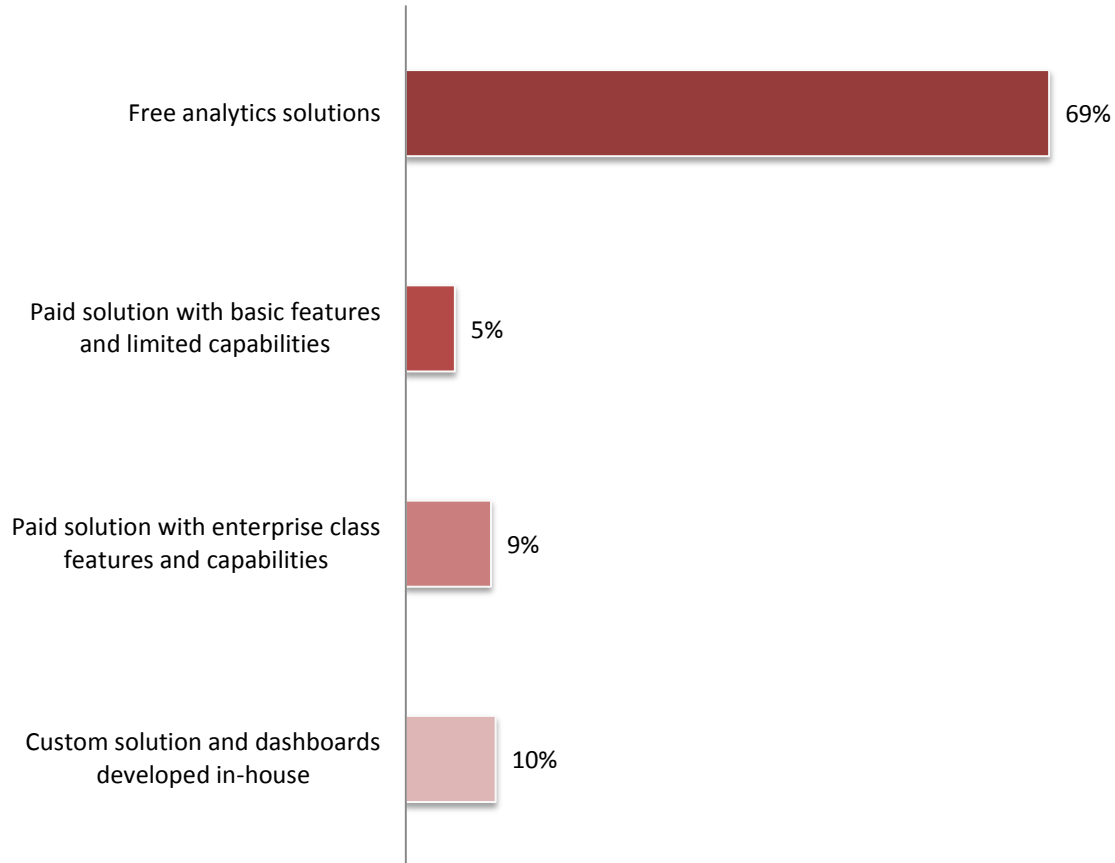
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

A starting point for investigation and improvement is dependent upon an organization tracking and knowing its essential data points. For this reason, analytics and monitoring solutions are so important.

Free analytics solutions, used by 69 percent of organizations, are the most popular choice for tracking and monitoring PPC metrics and campaigns. Both free and paid tools allow organizations to monitor the behavior of ads and visitors, looking at everything from how keywords and ads performed, to what actions visitors took on the landing page.

Only 14 percent of organizations invest in paid solutions. Custom reports and advanced metrics, available with many paid solutions, often provide for deeper and more integrated analysis. Analyzing side-by-side performance rankings by clicks and conversions across search engines can reveal opportunities for optimization. Other reports may track what's changed in campaigns, ad groups, impressions, clicks and so forth, even using actual click data and conversions to extrapolate lost revenue from lost impressions and clicks.

Chart: PPC analytics and monitoring solutions, by PPC maturity phase
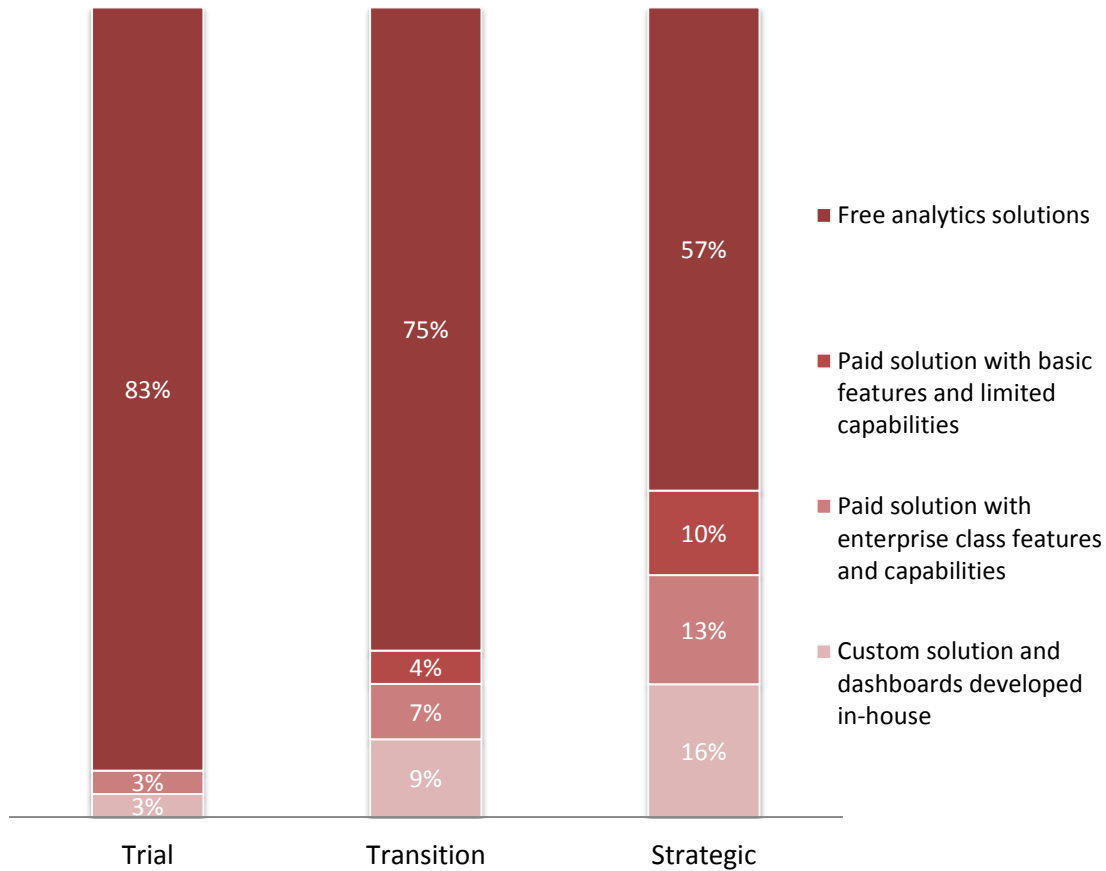
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Strategic organizations are much more inclined to invest in paid solutions that are outfitted with advanced and customized capabilities. From competitive research to budget estimation and bid management, the features in for-fee tools can help companies streamline the management of their campaigns. For many, the ROI in these analytics packages comes in the form of desired outcomes – the best indicators of PPC success. Good quality scores, favorable ad positions, and strong clickthrough rates ultimately mean nothing if they do not result in conversions.

The majority of Trial organizations rely on free analytical tools offered by both search engines and other companies. One plausible explanation is that their campaigns are not sophisticated enough to warrant deeper investment. Alternatively, they may be using free analytics solutions because they have not structured their campaigns enough to seek out paid solutions that could help them.

"We don't use analytics as much as I would like to for optimizing our PPC campaigns. We are really based on a CPL model, but I feel that we should also track and pay attention to time on site, pages visited, as well as other interactions on the site." – Marketer insight

Chart: PPC analytics and monitoring solutions, by primary channel
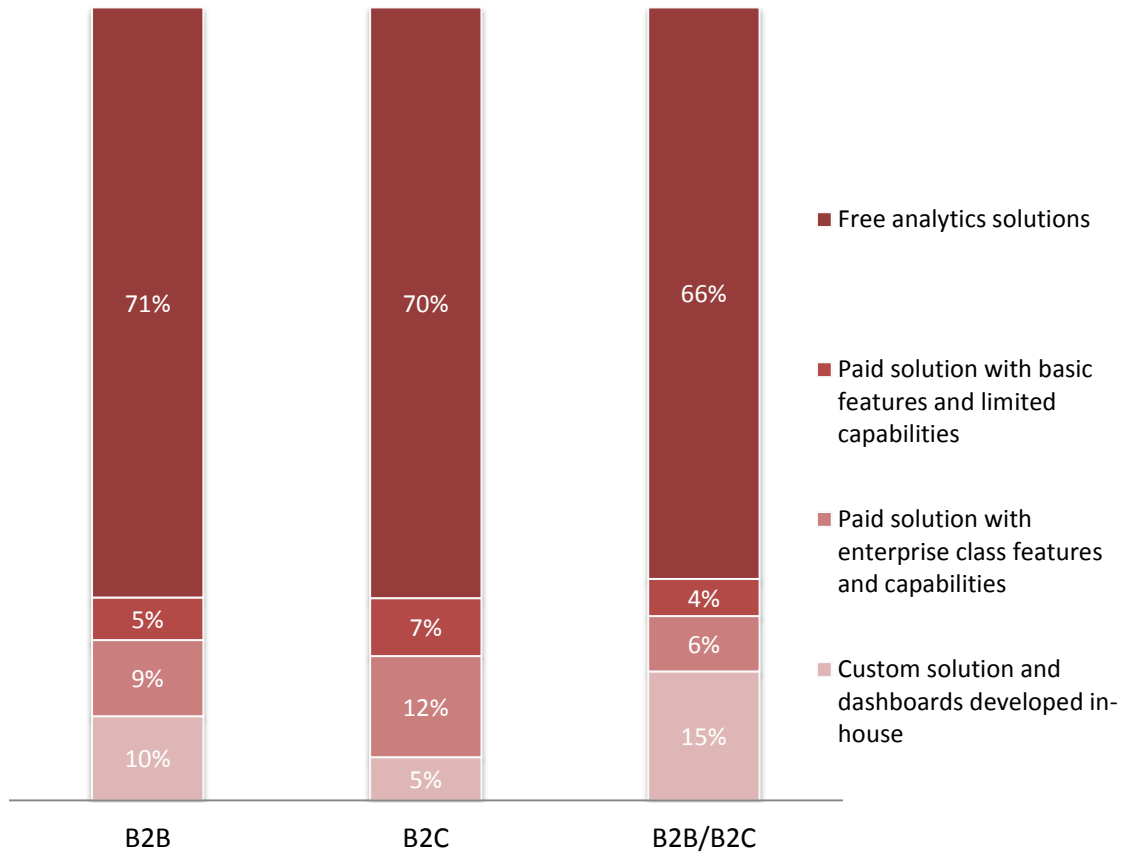
■ Free analytics solutions

■ Paid solution with basic features and limited capabilities

■ Paid solution with enterprise class features and capabilities

■ Custom solution and dashboards developed in-house

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Organizations targeting both business and consumer channels turn to in-house solutions and dashboards more frequently than organizations marketing to *either* business or consumer channels. Spanning both markets may call for a unique set of requirements that can be best handled internally.

Outside of this area, the point difference across channels is negligible. There seems to be no correlation between the channel and the type of analytics solution, unlike the case with the PPC maturity phases.

Implementing and learning the intricacies of an analytics tool takes time. If an organization discovers that what it has is not what it needs, the organization loses more than just time and money – it can also lose competitive share of search impressions.

"Reports from PPC analytics are vital to our performance. They give us insight into whether a trend has changed within the PPC campaign. Bids can then be adjusted, keywords or negative keywords added, and new ad text tested. The reports are what guide us to knowing what area needs more optimization." – Marketer insight

Chart: PPC analytics and monitoring solutions, by organization size
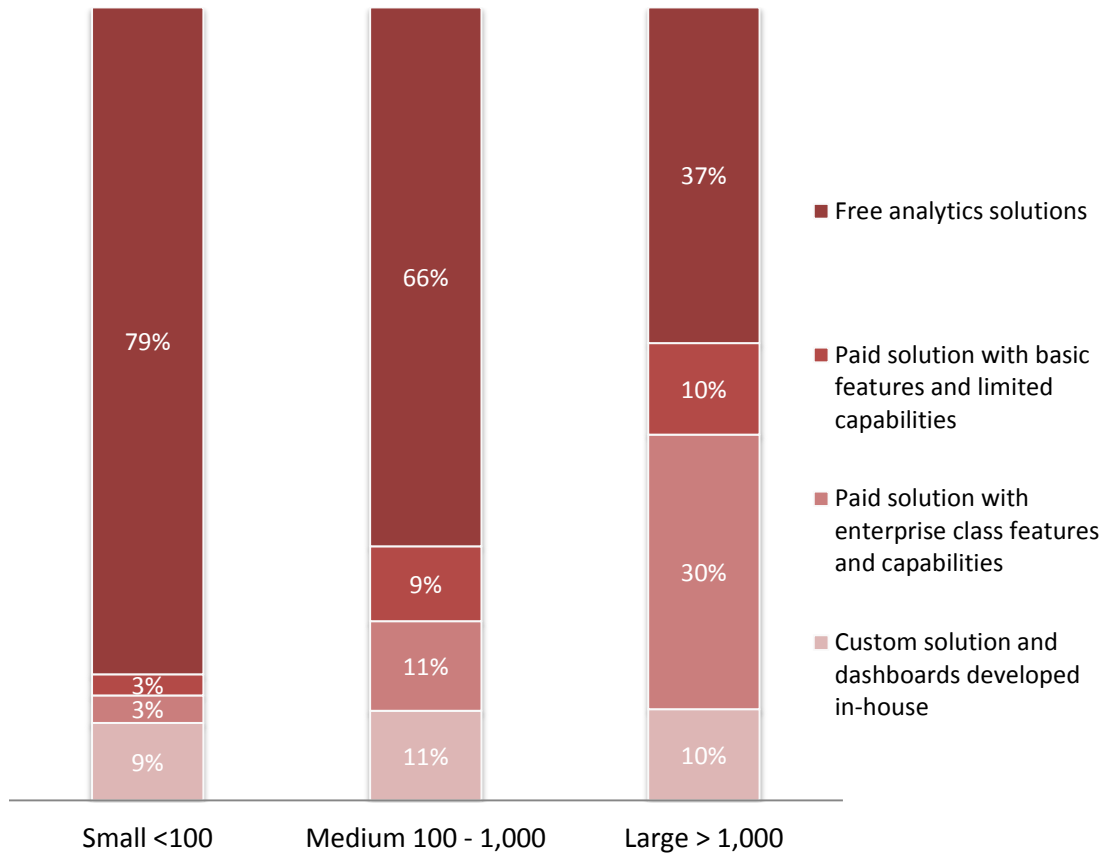
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Many free analytics solutions available today have an impressive array of features, such as custom reports and advanced segmentation. In fact, many organizations do not even come close to utilizing all available features.

Small organizations are more than twice as likely to use free analytics solutions as large companies. Two thirds of mid-sized companies also turn to these free options.

To a much lesser degree, small organizations use paid solutions outfitted with either basic features or more advanced and customized capabilities. By comparison, 40 percent of large companies use analytics packages with enterprise-class features, or custom solutions developed in-house. Larger organizations often need to integrate data with other systems, and paid and customized solutions offer these capabilities.

> *"We had used Google solutions. We then used a paid solution but found that we didn't use all the capabilities. For the cost, we went back to Google."* – Marketer insight

Chart: PPC analytics and monitoring solutions, by industry
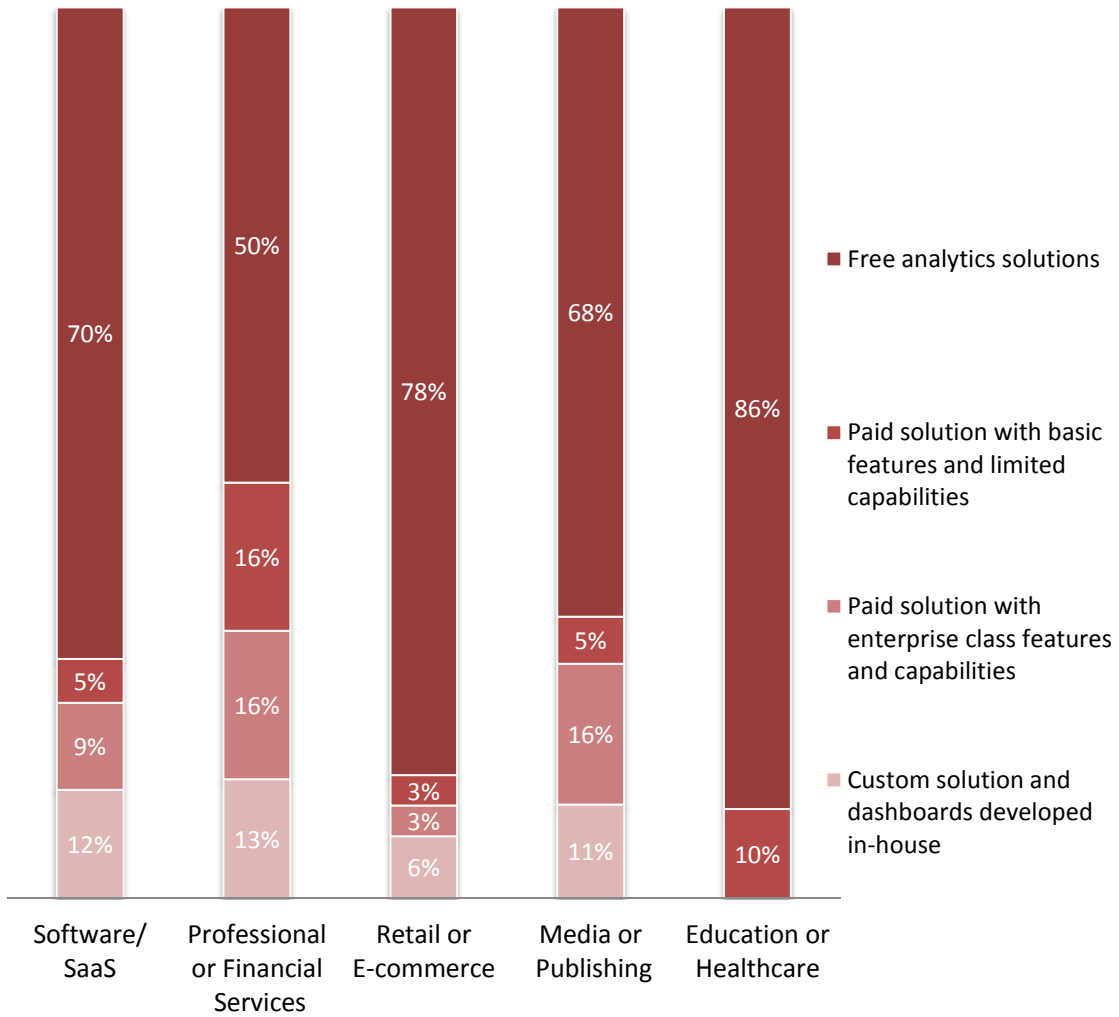
Legend:
- Free analytics solutions
- Paid solution with basic features and limited capabilities
- Paid solution with enterprise class features and capabilities
- Custom solution and dashboards developed in-house

	Software/ SaaS	Professional or Financial Services	Retail or E-commerce	Media or Publishing	Education or Healthcare
Free analytics solutions	70%	50%	78%	68%	86%
Paid solution with basic features	5%	16%	3%	5%	10%
Paid solution with enterprise class	9%	16%	3%	16%	
Custom solution in-house	12%	13%	6%	11%	

"We use a combination of Google Analytics, paid call tracking, integration into Salesforce, competitive analysis tools, and dashboards developed in-house to track PPC progress. Because of all these different mediums we use to track advertising progress, we are about to fully optimize our PPC campaigns around ROAS." – Marketer insight

"We very closely track our AdWords campaigns and frequently use their "search terms" function to add negatives to campaigns. We are also able to very easily gauge when a campaign is not performing, and we shut it down." – Marketer insight

"We use an automated bid management tool that brings in opportunity and pipeline data and then optimizes our spend accordingly." – Marketer insight

MARKETER INSIGHTS ON USING ANALYTICS TO OPTIMIZE PPC PERFORMANCE

Q. How has your organization used PPC analytics to optimize your PPC marketing performance?

- Competitive comparison and split testing.

- Dropped ads that weren't working.

- Evaluating keyword selection.

- Geo targeting. Finding out what keywords are queried to refine keyword lists.

- Measuring changes in the campaign to test. After that, acting on the measurements.

- Monitoring the bounce rate/pages viewed for the type of visit.

- Our analytics show that our own in-house SEO is more efficient and economical than using PPC.

- We see what ad copy is working or not and learn from this to continually tweak the copy.

- Weekly review of cost-per-conversion, cost per lead, best performing words, ads, and landing pages. Optimize every week.

- We cross validate all of our information from Google AdWords, third-party cookies (Genius.com), Google Analytics and Salesforce. Our metrics are Salesforce Opportunities, which are created when a Web-to-lead prospect has been called, qualified, and an outside appointment has been set up. In addition to CPL metrics from AdWords, we also monitor Cost-per-Opportunity metrics, and every three months (due to long sales cycle) we look at the actual sales and revenue conversions.

- To delete/modify keywords with high bounce rates. This also helps us to modify our landing page if we feel that keyword is relevant, but perhaps visitors are having a hard time finding the information they want.

- Every way possible. We look at micro and macro keyword/ad performance, and we look at how our PPC compares to organic search in terms of keyword popularity.

- Use analytics to monitor keyword effectiveness in terms of bounce rate, time on site, pages viewed, etc.

- We primarily measure conversion rates. If they're low, we try to improve them by tweaking ad copy or landing pages.

- I used to think I had to hit number one or it wasn't worth trying. Now I position for 2 or 3 so I don't overspend when I'm a small fry and the competition is a big shark.

- Adding negatives for keywords where we have #1 organic placement.

- Optimizing for CTR and conversion rate, while cutting out irrelevant non-targeted clicks via advanced match types and granular ad group structure.

- We match performing keywords from organic and PPC. We add high performing keywords from organic to PPC. We also check which pages are getting the most bounces and we revisit those pages as needed.

- Tracking and analyzing all metrics (impressions, clicks, conversions, ad position) closely to make bid and keyword placement decisions.

- We use Google Analytics to look at the big numbers and an internal solution to look into the details of each specific visitor coming from PPC channels.

- Identifying search terms in non-PPC traffic. Monitoring 'hot-topic' areas of the site to drive ad copy.

- We have conversion codes from AdWords on our landing pages and use the tracking to optimize campaigns.

- Modify ads and landing pages based on performance. Modify search terms based on performance. Choose bids based on performance. Set budget based on the number of quality leads.

CHAPTER 5: PLANNING AND TRACKING BUDGETS

Marketing programs aim to deliver against three types of outcomes: Increase revenue, reduce cost, and/or improve customer satisfaction and loyalty. PPC, SEO and other complementary inbound marketing tactics drive results in these areas. As such, organizations are expected to move more of their budgets into these programs over the next 12 months.

BIGGEST BUDGET INCREASES EXPECTED IN INBOUND MARKETING

Chart: Expected marketing budget changes over 12 months

Q. How will budgets for the following marketing line items change in the next 12 months?
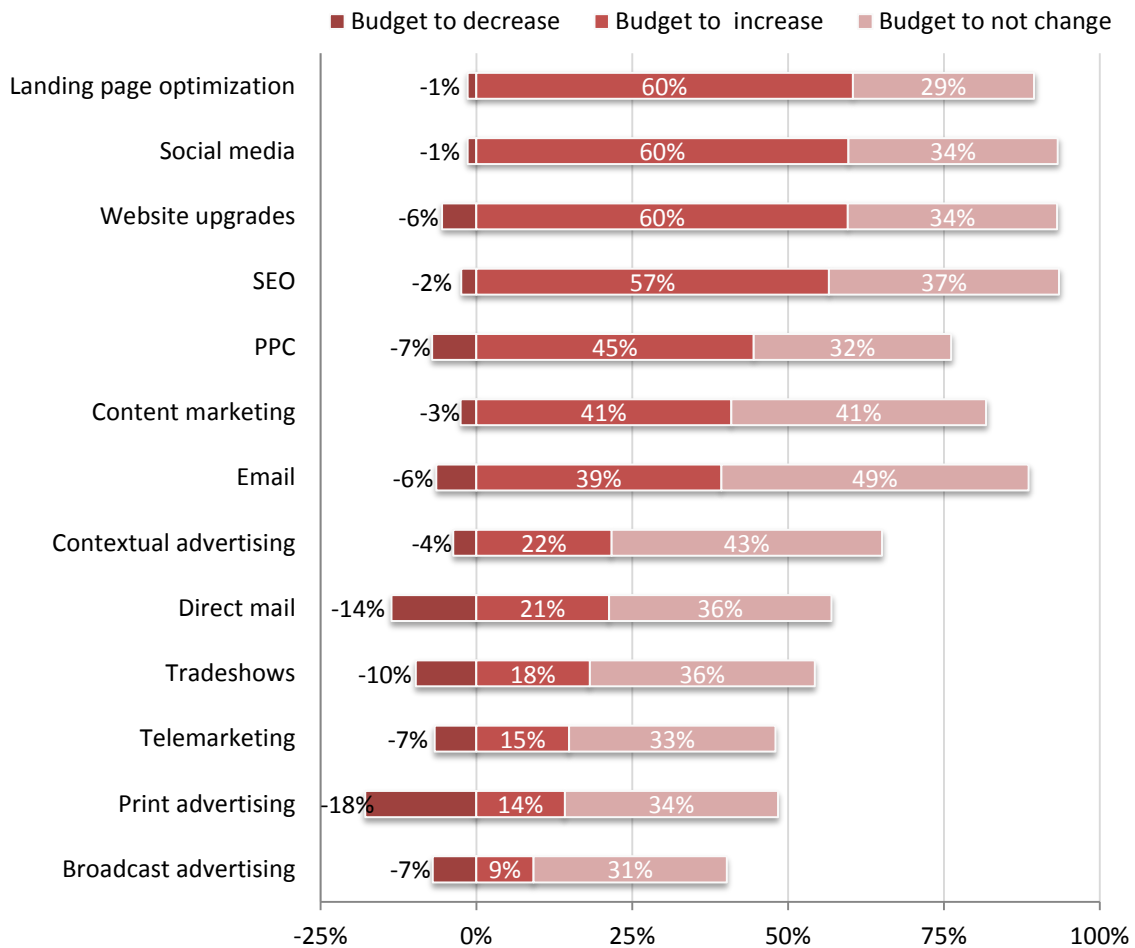
■ Budget to decrease ■ Budget to increase ■ Budget to not change

	Budget to decrease	Budget to increase	Budget to not change
Landing page optimization	-1%	60%	29%
Social media	-1%	60%	34%
Website upgrades	-6%	60%	34%
SEO	-2%	57%	37%
PPC	-7%	45%	32%
Content marketing	-3%	41%	41%
Email	-6%	39%	49%
Contextual advertising	-4%	22%	43%
Direct mail	-14%	21%	36%
Tradeshows	-10%	18%	36%
Telemarketing	-7%	15%	33%
Print advertising	-18%	14%	34%
Broadcast advertising	-7%	9%	31%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Inbound marketing complements the way customers shop – namely, by starting online. Most organizations expect to increase marketing budgets for inbound marketing tactics. Marketers are increasingly considering these tactics to be cost-effective methods for connecting with prospects and customers.

Chart: Percentage of organizations increasing budgets over 12 months, by PPC maturity phase
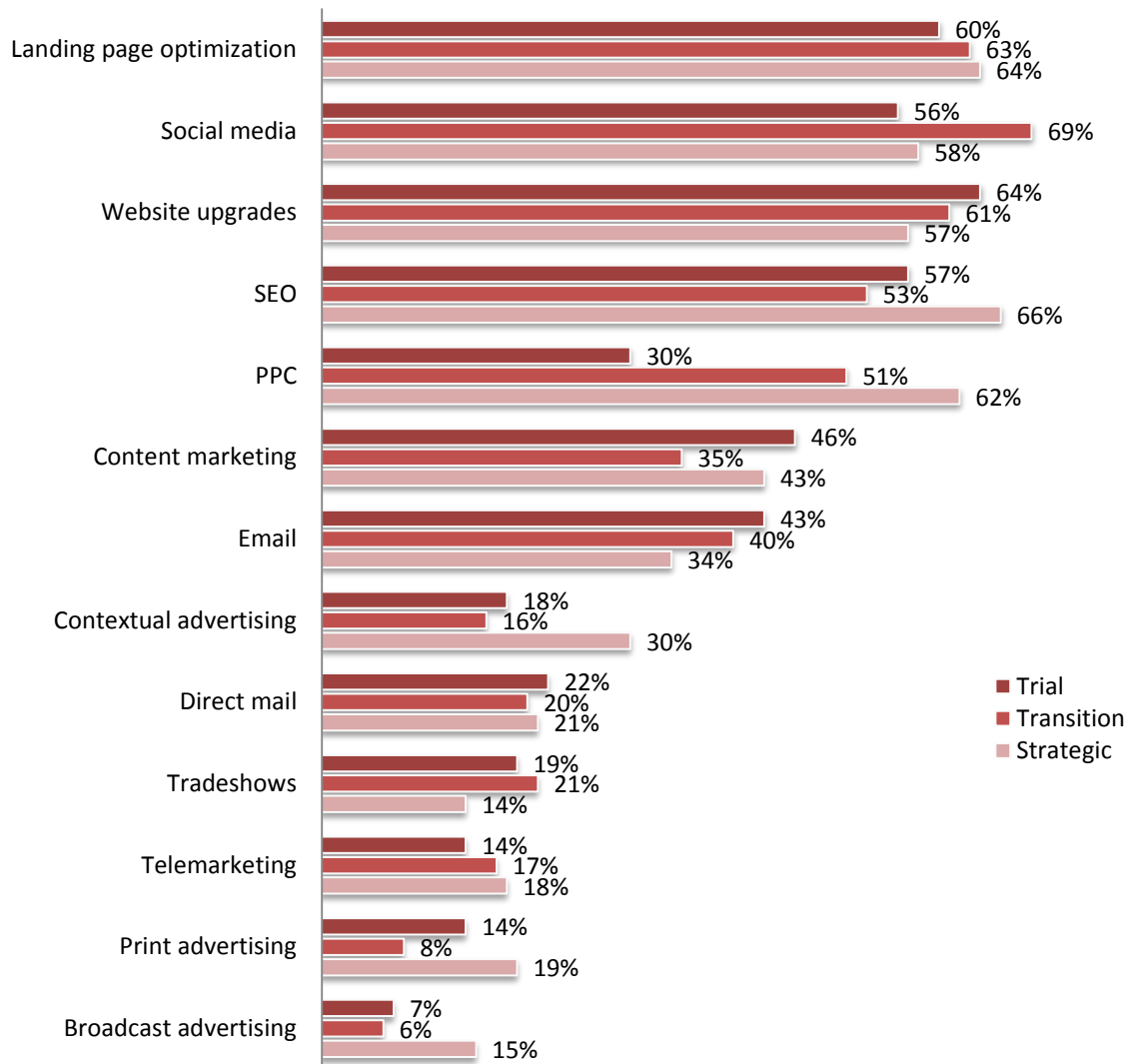
Category	Trial	Transition	Strategic
Landing page optimization	60%	63%	64%
Social media	56%	69%	58%
Website upgrades	64%	61%	57%
SEO	57%	53%	66%
PPC	30%	51%	62%
Content marketing	46%	35%	43%
Email	43%	40%	34%
Contextual advertising	18%	16%	30%
Direct mail	22%	20%	21%
Tradeshows	19%	21%	14%
Telemarketing	14%	17%	18%
Print advertising	14%	8%	19%
Broadcast advertising	7%	6%	15%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Organizations across the spectrum of PPC maturity expect to increase inbound marketing budgets the most. This is quite telling. Marketers, as a whole, are tipping the scale in favor of inbound marketing tactics – and are placing less focus on traditional forms of marketing.

In terms of PPC specifically, 62 percent of Strategic organizations intend to increase budgets for this tactic. In fact, their biggest areas of investment cover search engine marketing as a whole, with 66 percent also funneling more money into SEO activities. By contrast, half as many Trial organizations (on a percentage basis) plan to increase spending on sponsored search programs over the next 12 months.

> *"For our company, PPC represented a breakthrough in terms of brand recognition and new customers attracted. There is no other marketing tool that returns such value on a relatively small amount invested."* – Marketer insight (Strategic phase)

Chart: Percentage of organizations increasing budgets over 12 months, by primary channel

Channel	B2B	B2C	B2B/B2C
Landing page optimization	56%	62%	68%
Social media	54%	59%	71%
Website upgrades	54%	59%	72%
SEO	55%	51%	69%
PPC	43%	46%	46%
Content marketing	43%	37%	43%
Email	38%	43%	36%
Contextual advertising	16%	24%	30%
Direct mail	23%	19%	19%
Tradeshows	19%	15%	21%
Telemarketing	19%	12%	13%
Print advertising	15%	13%	16%
Broadcast advertising	2%	11%	19%

Legend: ■ B2B ■ B2C ■ B2B/B2C

The company website is the center of a company's marketing plans. All lead generation activities, whether inbound or outbound in nature, drive traffic back to the site. This is why a website is commonly referred to as "the hub." As such, a website is arguably the greatest asset in any marketing mix. It is also one of the most expensive. Nevertheless, because of its central role, companies are prepared to invest in its design, management, performance and optimization. To illustrate, here we see that 54 to 72 percent of all organizations – regardless of channel – plan to increase budgets for website upgrades. Additionally, most organizations also plan to increase budgets for landing page optimization. LPO efforts help organizations increase the quantity and quality of visitor response to the website experience.

One other big area of investment is in the interrelated areas of social media and SEO, both major sources of a company's inbound Web traffic. In terms of PPC, a smaller percentage of organizations plan to make budget increases in this area, but no one channel stands out in relation to the others.

Chart: Percentage of organizations increasing budgets over 12 months, by organization size
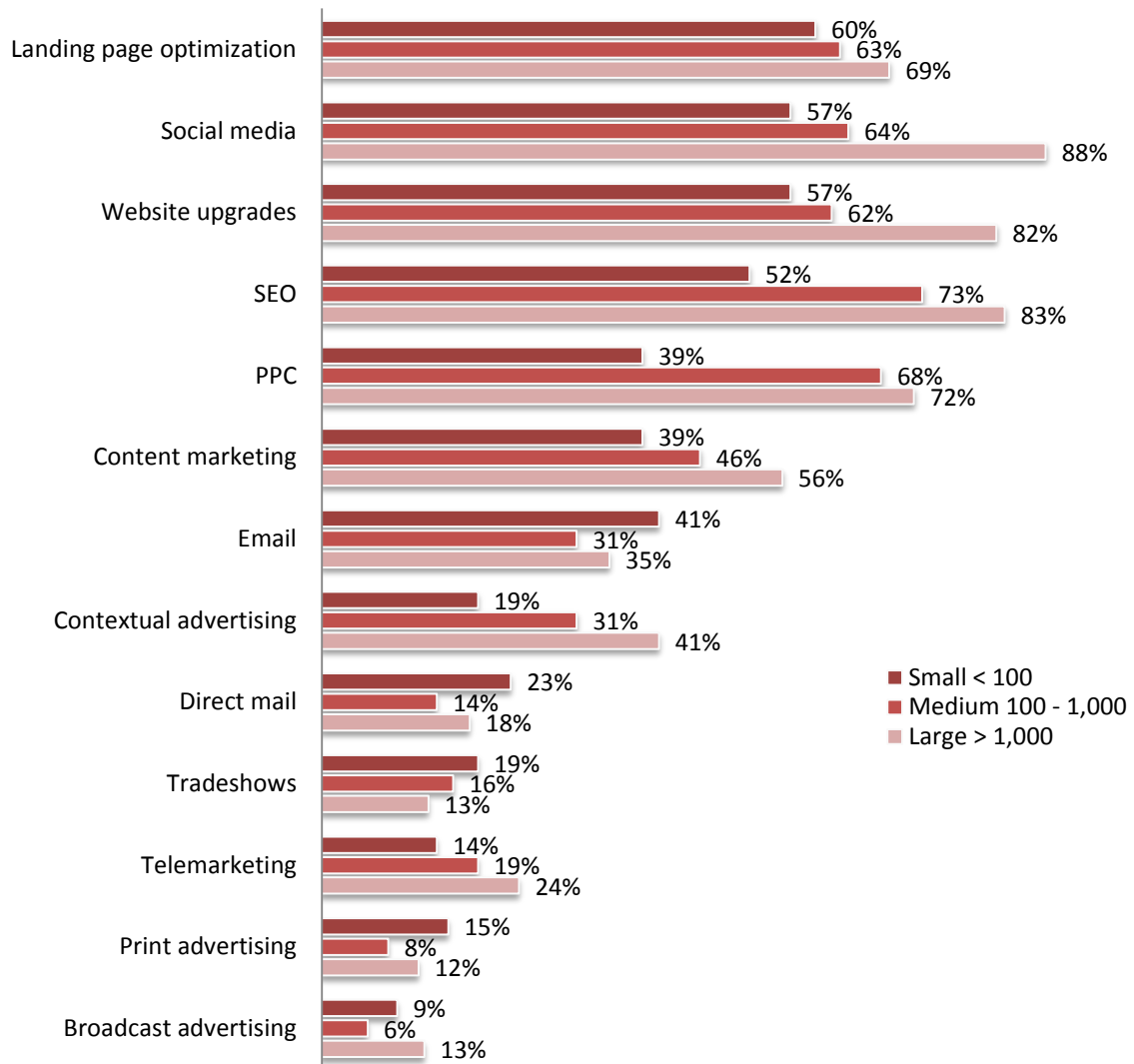
Category	Small < 100	Medium 100 - 1,000	Large > 1,000
Landing page optimization	60%	63%	69%
Social media	57%	64%	88%
Website upgrades	57%	62%	82%
SEO	52%	73%	83%
PPC	39%	68%	72%
Content marketing	39%	46%	56%
Email	41%	31%	35%
Contextual advertising	19%	31%	41%
Direct mail	23%	14%	18%
Tradeshows	19%	16%	13%
Telemarketing	14%	19%	24%
Print advertising	15%	8%	12%
Broadcast advertising	9%	6%	13%

■ Small < 100
■ Medium 100 - 1,000
■ Large > 1,000

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Large organizations are stepping up spending in social media, website upgrades and SEO, with social media being a particular standout. Nearly 90 percent of these organizations expect to increase social media budgets, strongly indicating they see real value potential in these platforms. More than two-thirds of large and medium-sized organizations also plan to increase PPC budgets.

A much smaller fraction of organizations plan to increase budgets for outbound tactics like print advertising, telemarketing, and even direct mail. For many organizations, the returns on time and money invested no longer exist. Even so, organizations are not doing away with these tactics altogether, but are rather modernizing their approaches. The traditional approach of sending mass messages to a large and varied audience is becoming increasingly less effective. Therefore, many organizations are moving to employ advanced list segmentation techniques to inject more relevancy and personalization into traditional marketing tactics.

Chart: Percentage of organizations increasing budgets over 12 months, by industry

Landing page optimization	
Education or Healthcare	56%
Media or Publishing	75%
Retail or E-commerce	65%
Professional or Financial Services	53%
Software/SaaS	62%

Legend:
- Education or Healthcare
- Media or Publishing
- Retail or E-commerce
- Professional or Financial Services
- Software/SaaS

Social media: 60%, 59%, 59%, 59%, 58%

Website upgrades: 45%, 63%, 64%, 46%, 69%

SEO: 56%, 69%, 56%, 46%, 61%

PPC: 28%, 39%, 48%, 36%, 54%

Content marketing: 50%, 38%, 38%, 28%, 52%

Email: 40%, 42%, 37%, 35%, 41%

Contextual advertising: 24%, 24%, 21%, 20%, 27%

Direct mail: 24%, 26%, 10%, 18%, 26%

Tradeshows: 7%, 26%, 13%, 21%, 29%

Telemarketing: 12%, 15%, 7%, 11%, 26%

Print advertising: 28%, 11%, 10%, 15%, 9%

Broadcast advertising: 13%, 11%, 11%, 5%, 6%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

HALF OF MARKETING BUDGETS GO TO ONLINE MARKETING, ON AVERAGE

Chart: Percentage of total marketing budget allocated to online marketing varies widely

Q. What percentage of your organization's TOTAL MARKETING BUDGET is allocated to online marketing (including personnel, media, and other direct costs of online marketing)?
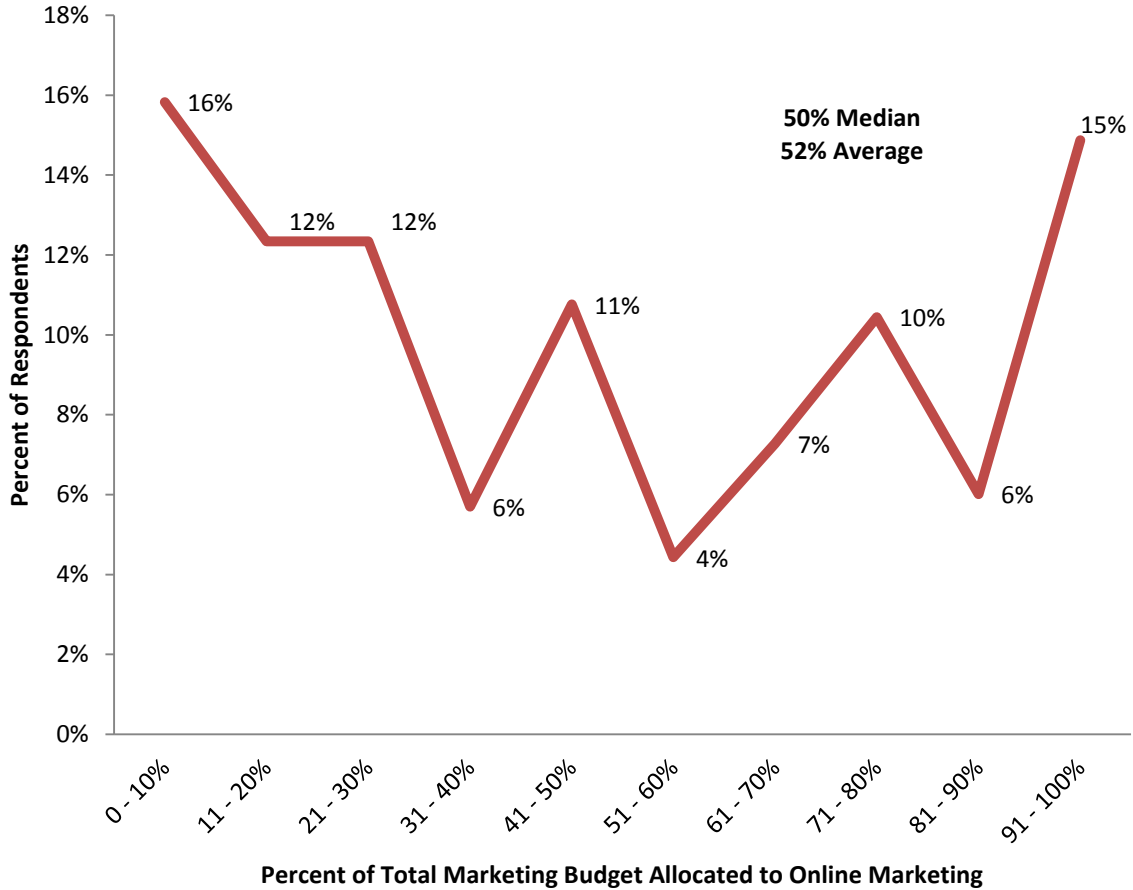
**50% Median
52% Average**

Percent of Respondents (y-axis)

Percent of Total Marketing Budget Allocated to Online Marketing (x-axis)

Data points:
- 0 - 10%: 16%
- 11 - 20%: 12%
- 21 - 30%: 12%
- 31 - 40%: 6%
- 41 - 50%: 11%
- 51 - 60%: 4%
- 61 - 70%: 7%
- 71 - 80%: 10%
- 81 - 90%: 6%
- 91 - 100%: 15%

As earlier charts indicate, budget dollars are increasingly used to fund inbound marketing programs. On average, organizations now allocate half of their total marketing budgets for online marketing activities.

Chart: Percentage of total marketing budget allocated to online marketing, by PPC maturity phase
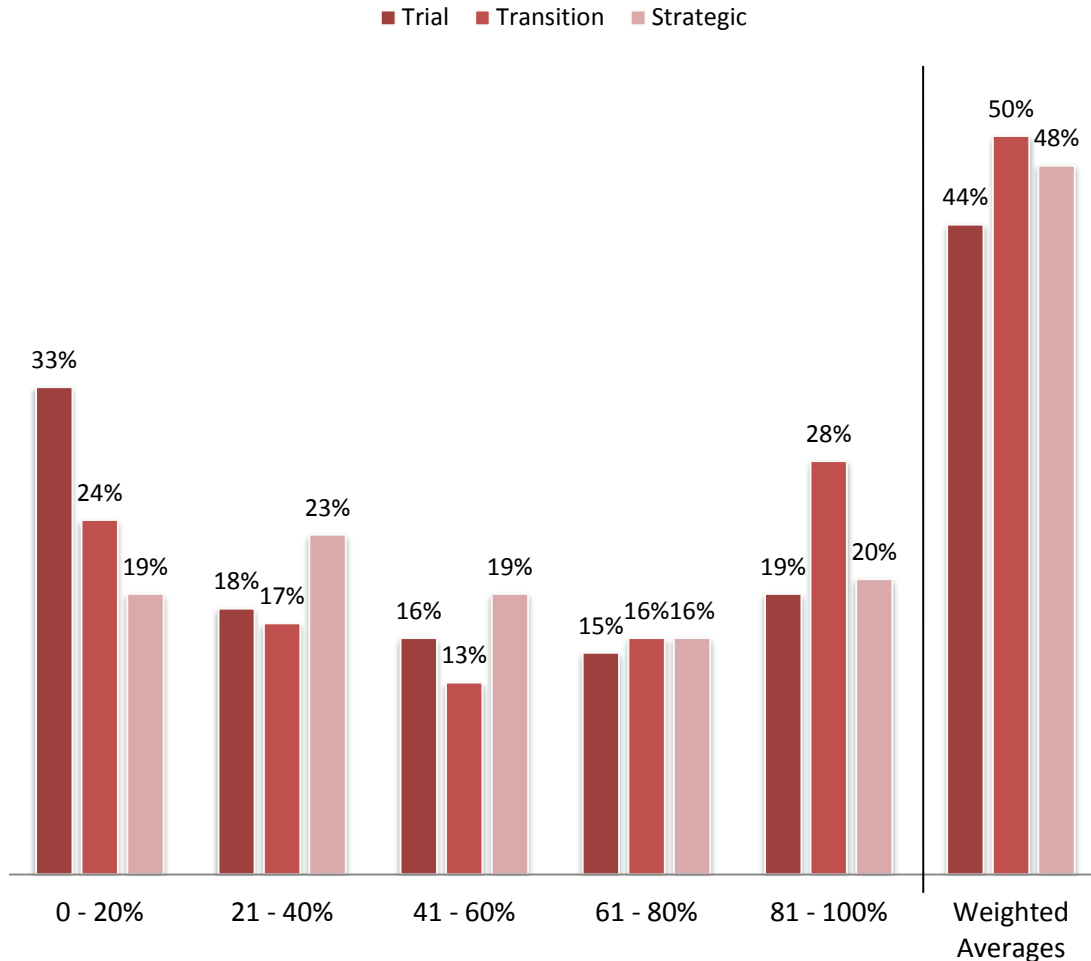
■ Trial ■ Transition ■ Strategic

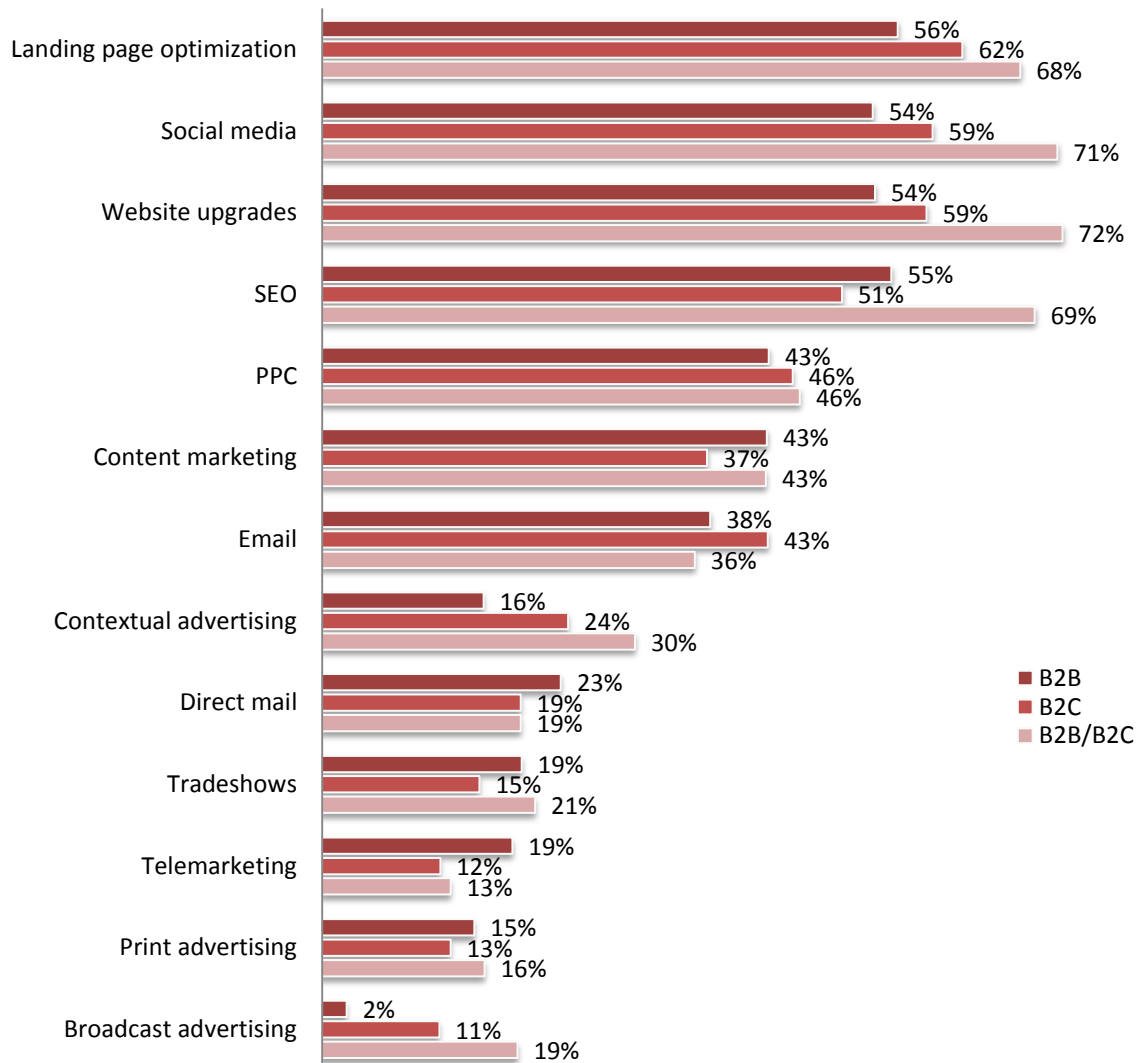Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Organizations, as a whole, allocate half of their total marketing budgets to online marketing on average. Within each PPC maturity phase, however, the shape of the distribution curve varies.

Trial organizations tend to skew positively, as one-third of organizations in this phase plan to allocate less than 20 percent of their total marketing budgets to online marketing activities. Inbound marketing can yield highly qualified leads; however, results like these usually follow efficient execution, which results from having a strategy and plan. Without a strategy or plan, inbound marketing efforts can be lost.

Transition organizations, or companies that sporadically follow informal processes for their PPC programs, follow a U-shaped distribution curve. As these companies strive to systematize their procedures and strategies, they understand that inbound marketing tactics may be cost-effective, but are not free. Not only are adequate budgets necessary to ensure results, but test budgets (to fund continual improvement) are also at risk. Bearing these obligatory costs in mind, Transition organizations allocate half of their total marketing budgets to online marketing.

Chart: Percentage of total marketing budget allocated to online marketing, by primary channel

■ B2B   ■ B2C   ■ B2B/B2C

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

B2B marketers apportion 44 percent of their total marketing budgets to inbound marketing, compared to 51 percent for B2C companies, and 47 percent for B2B/B2C companies. B2B organizations tend to skew towards allocating less of their total marketing budgets to inbound marketing. One in three of these companies budget less than 20 percent for inbound marketing activities.

Although inbound marketing offers myriad benefits, it is important to achieve the optimal balance between inbound and outbound marketing tactics in a marketing mix. Completely abandoning outbound marketing tactics could prove detrimental to an organization's marketing efforts.

Chart: Percentage of total marketing budget allocated to online marketing, by organization size
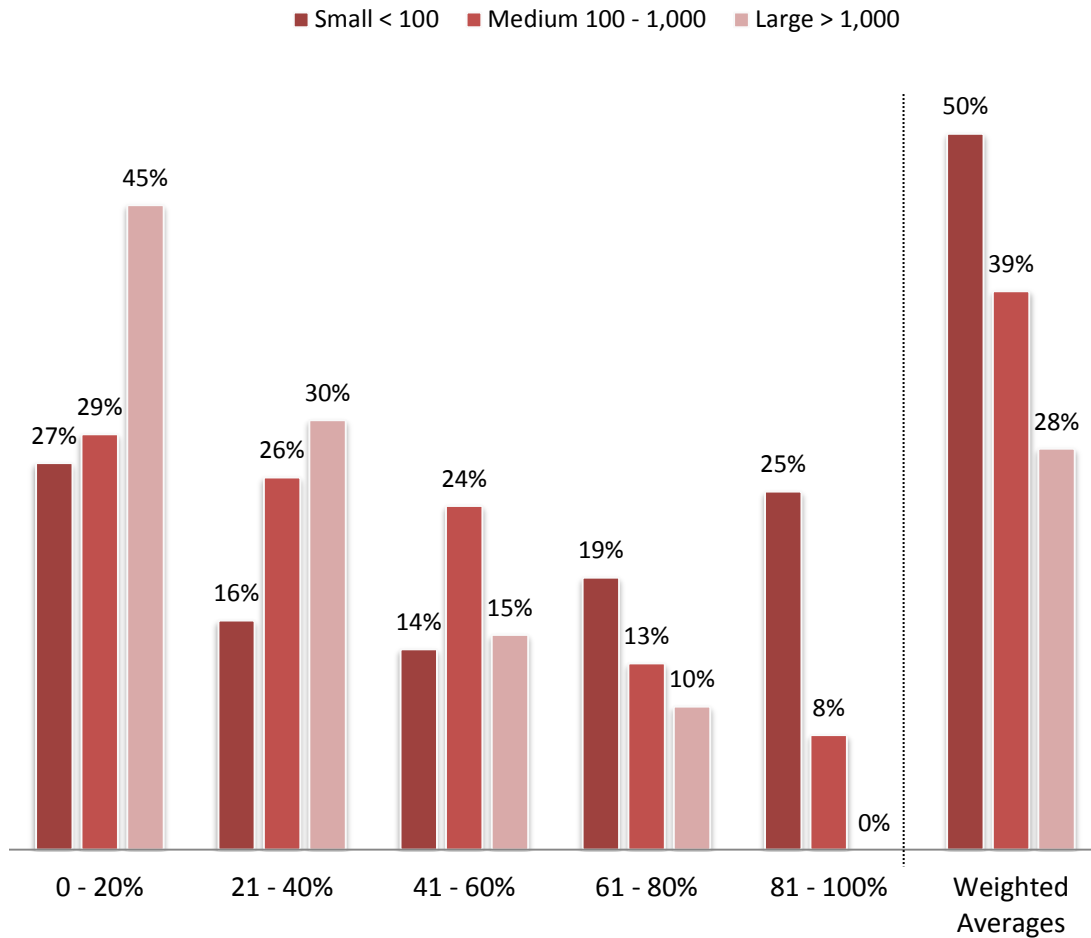
■ Small < 100   ■ Medium 100 - 1,000   ■ Large > 1,000

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Small organizations more heavily turn to inbound marketing than their counterparts in medium and large organizations. These companies allot half of their total marketing spend to inbound marketing tactics on average, compared to just 39 percent of medium organizations and only 28 percent of large organizations. In fact, one-quarter of small organizations apportion more than 80 percent of their total marketing budgets to online marketing activities, a clear indicator of their potential for leveling the playing field.

Large organizations are less likely to heavily favor online marketing programs in their marketing budgets. Forty-five percent of large organizations funnel less than 20 percent of their marketing budgets to online marketing activities. An additional 30 percent of these companies allocate between 21 and 40 percent of the budget to online marketing.

Chart: Percentage of total marketing budget allocated to online marketing, by industry
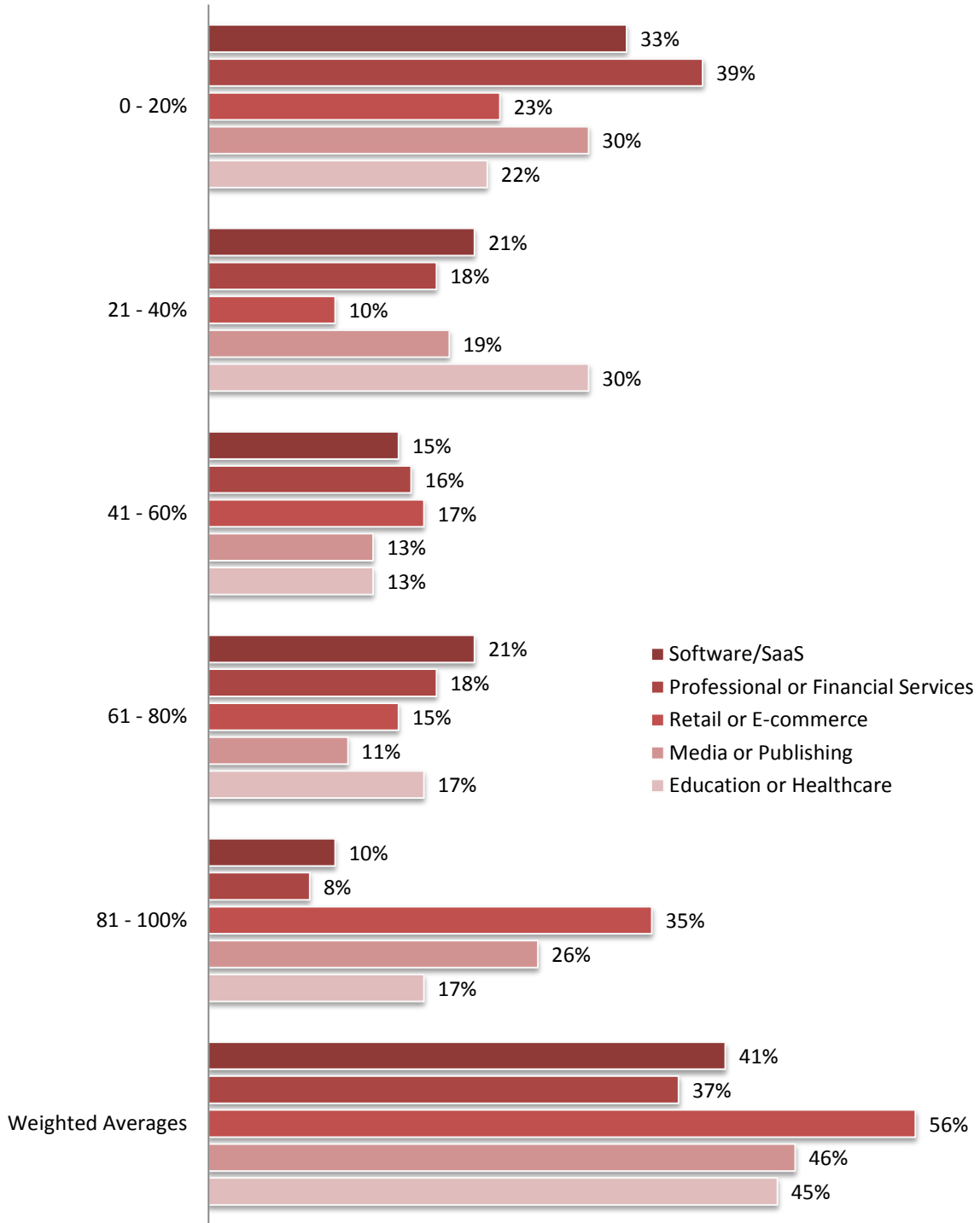
Range	Software/SaaS	Professional or Financial Services	Retail or E-commerce	Media or Publishing	Education or Healthcare
0 - 20%	33%	39%	23%	30%	22%
21 - 40%	21%	18%	10%	19%	30%
41 - 60%	15%	16%	17%	13%	13%
61 - 80%	21%	18%	15%	11%	17%
81 - 100%	10%	8%	35%	26%	17%
Weighted Averages	41%	37%	56%	46%	45%

PPC AND WEBSITE TAKE BIGGEST SHARES OF ONLINE MARKETING BUDGET

Chart: Allocation of online marketing dollars

Q. What percentage of your ONLINE MARKETING budget is allocated to each of the following online tactics (including personnel, media and other direct costs)?
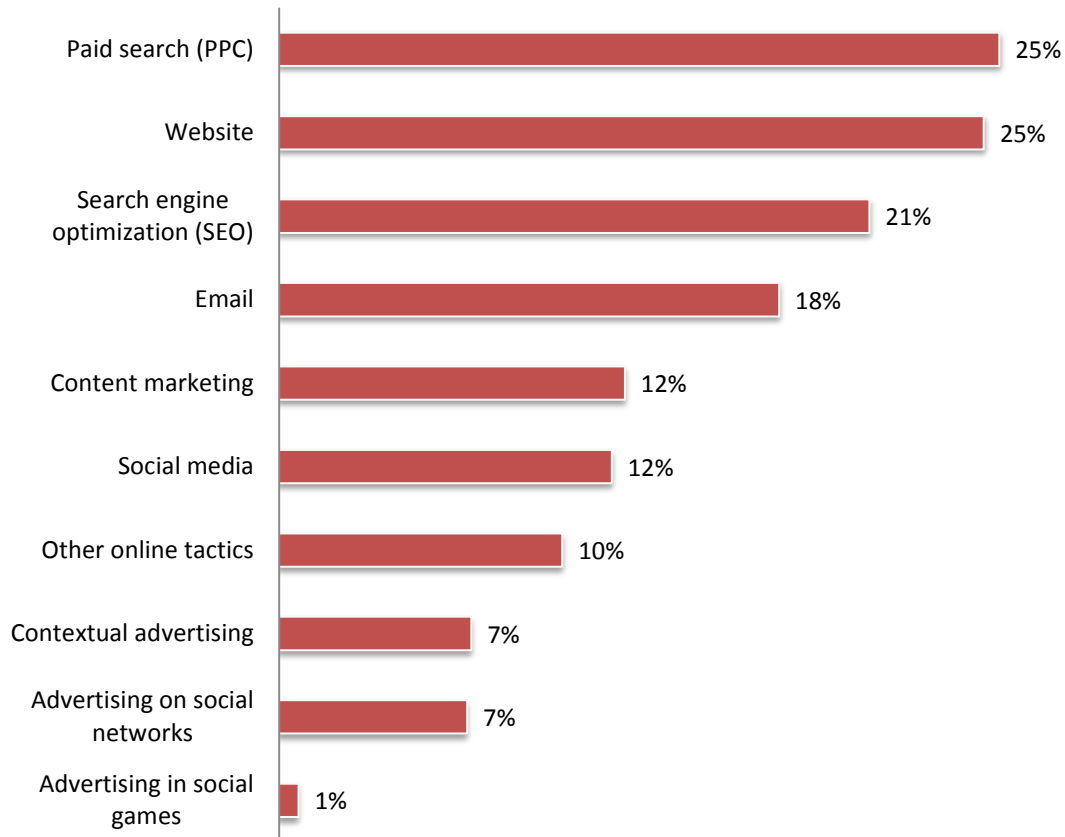
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Paid search, website management and design, and search engine optimization are the top three tactics to which organizations designate online marketing dollars.

Organizations devote one-quarter of their online marketing budgets to their websites. Even the best marketing efforts are for naught if the website is not optimized (in terms of performance and design) to communicate the "offer" and trigger a "response." Paid search also comprises 25 percent of the budget. Because SEO tactics often take time before having an impact on search rankings, many organizations use paid search to supplement SEO efforts.

> *"We employ a combination of organic and paid search. Our strategy combines a constant underlying organic effort using selected keywords for certain audience segments with paid search at the product level to mine leads among purchase-ready prospects."* – Marketer insight

Chart: Percentage allocation of online marketing dollars, by PPC maturity phase
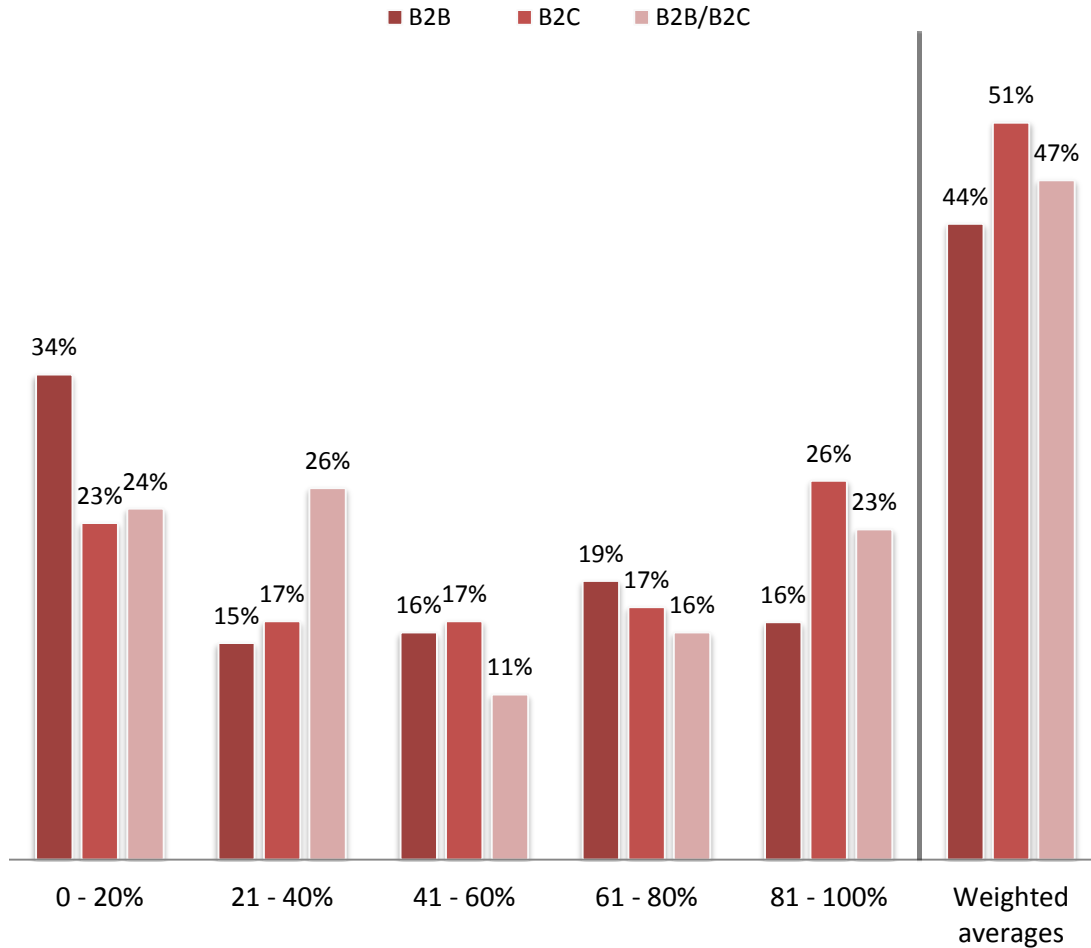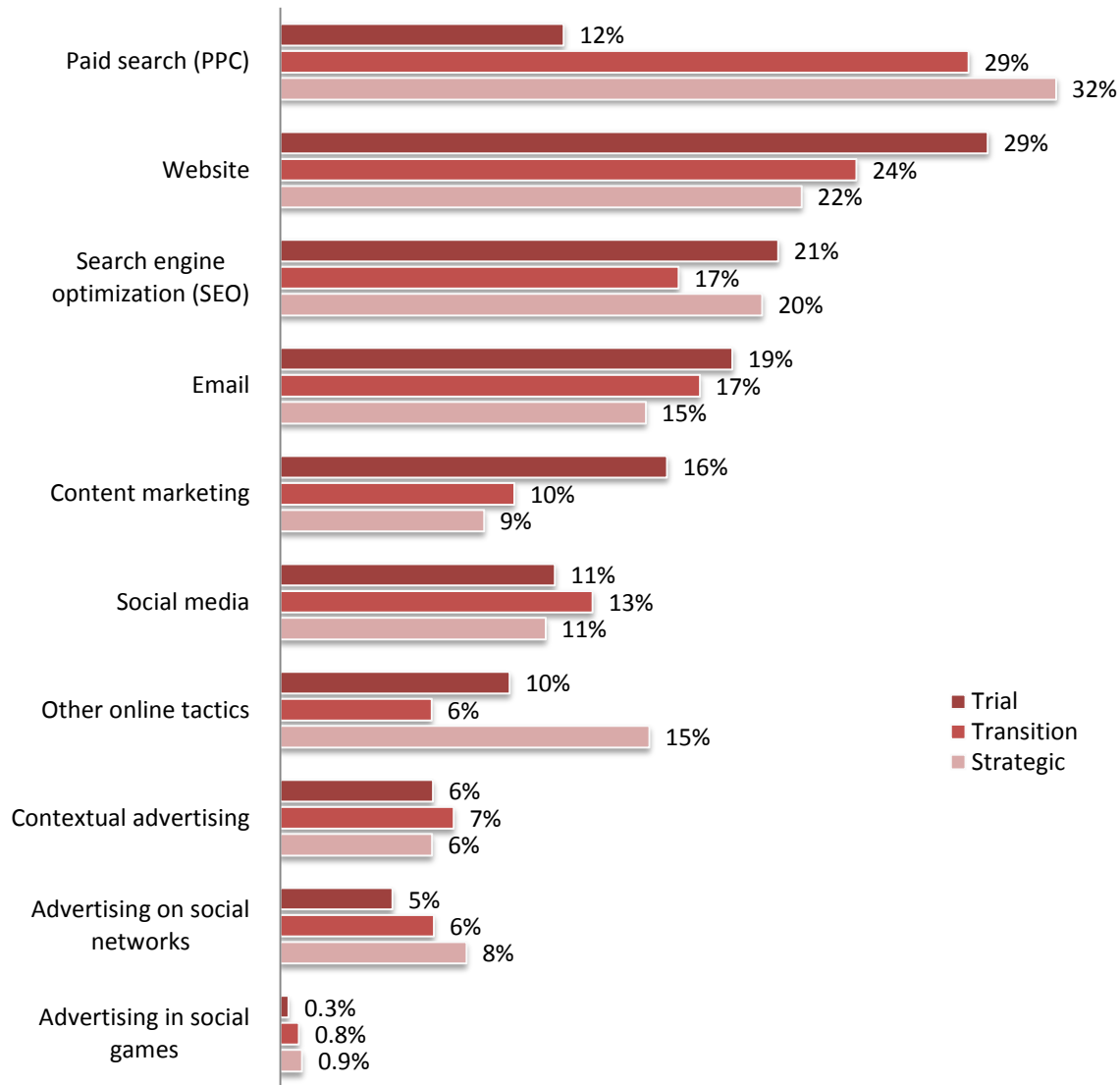

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Strategic organizations spend three-quarters of online marketing budgets on PPC, websites and SEO. Within this search engine marketing trifecta, they assign the greatest percentage of online dollars to PPC. Thirty-two percent of their online marketing budgets go to PPC, compared to just 29 percent for Transition organizations, and 12 percent for Trial organizations.

As featured in an earlier chart, 68 percent of Strategic organizations are relying on PPC campaigns to generate leads, and 62 percent of them want PPC labors to bear fruit in the form of increased online sales revenues. Organizations in this phase have fine-tuned PPC campaigns to the point where they know how to turn these on, or turn these up, to get results. Consequently, they are willing to spend more money in this area.

Chart: Percentage allocation of online marketing dollars, by primary channel

Channel	B2B	B2C	B2B/B2C
Paid search (PPC)	25%	28%	22%
Website	26%	24%	22%
Search engine optimization (SEO)	20%	23%	20%
Email	20%	16%	16%
Content marketing	14%	10%	11%
Social media	13%	10%	12%
Other online tactics	8%	14%	9%
Contextual advertising	3%	11%	7%
Advertising on social networks	4%	7%	9%
Advertising in social games	0.8%	0.7%	0.5%

Legend: ■ B2B ■ B2C ■ B2B/B2C

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Paid and organic search can work well together as a means for establishing authority on a search engine results page. B2C organizations allocate more than half of online marketing dollars to PPC and SEO, which is more than their counterparts with primary business channels.

Advertising on social networks is gaining traction, particularly when viewed in light of the budget allocations of other tactics in this list. Companies focused on both business and consumer channels allocate nearly 10 percent of online marketing budgets to this area. Organizations advertising in this arena need to bear in mind that social media users are focused on social interactions, unlike searchers who are seeking relevant information to a query. For this reason, social media ads may work better when they do not attempt to drive traffic off the social media platform, but instead aim to attract and engage fans.

Chart: Percentage allocation of online marketing dollars, by organization size

Category	Small < 100	Medium 100 - 1,000	Large > 1,000
Paid search (PPC)	24%	28%	28%
Website	26%	20%	23%
Search engine optimization (SEO)	22%	12%	18%
Email	17%	22%	21%
Content marketing	13%	9%	6%
Social media	12%	10%	10%
Other online tactics	10%	12%	3%
Contextual advertising	7%	5%	8%
Advertising on social networks	7%	5%	4%
Advertising in social games	0.8%	0.5%	0.0%

Legend:
- ■ Small < 100
- ■ Medium 100 - 1,000
- ■ Large > 1,000

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

PPC is the biggest area of investment for organizations of all sizes. Medium and large organizations direct 28 percent of online marketing budgets into this tactic, whereas small organizations set aside 24 percent.

Along with PPC, search engine optimization is another big area of investment for small organizations. On average, these organizations earmark 22 percent of online marketing dollars for SEO. They also designate a greater percentage of online marketing budgets for content marketing, a strong complementary tactic to SEO. Search engines index content, while people share content, making content good for an organization's SEO efforts.

Chart: Percentage allocation of online marketing dollars, by industry

Paid search (PPC)
- 13%
- 23%
- 29%
- 24%
- 24%

Website
- 24%
- 28%
- 20%
- 23%
- 26%

Search engine optimization (SEO)
- 14%
- 22%
- 22%
- 21%
- 19%

Email
- 24%
- 20%
- 15%
- 18%
- 20%

Content marketing
- 11%
- 12%
- 10%
- 20%
- 14%

Social media
- 15%
- 12%
- 8%
- 14%
- 13%

Other online tactics
- 3%
- 9%
- 13%
- 9%
- 12%

Contextual advertising
- 4%
- 3%
- 10%
- 15%
- 5%

Advertising on social networks
- 4%
- 8%
- 8%
- 9%
- 3%

Advertising in social games
- 3%
- 2%
- 1%

Legend:
- Education or Healthcare
- Media or Publishing
- Retail or E-commerce
- Professional or Financial Services
- Software/SaaS

Majority of PPC budget goes towards clicks

Chart: Allocation of PPC budget per line item

Q. What percentage of your PPC budget is allocated to each of the following line items?
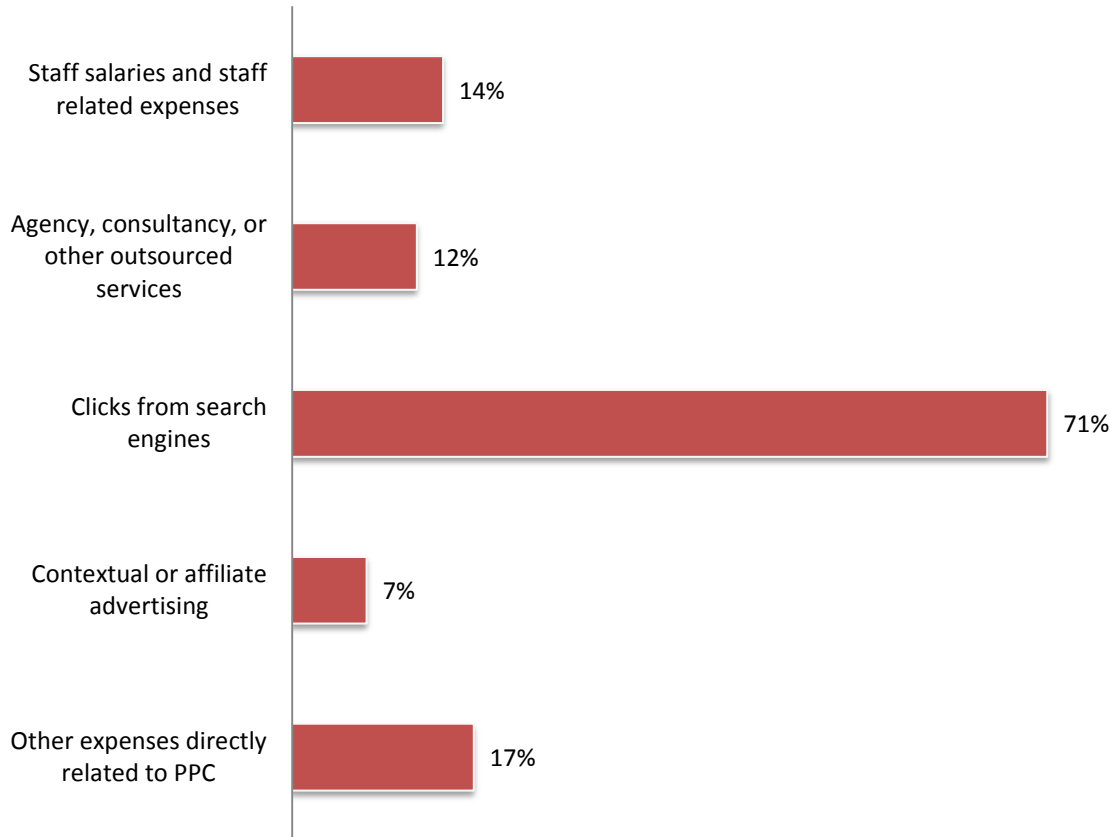
Staff salaries and staff related expenses — 14%

Agency, consultancy, or other outsourced services — 12%

Clicks from search engines — 71%

Contextual or affiliate advertising — 7%

Other expenses directly related to PPC — 17%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Predictably, costs from clicks comprise the majority of PPC budgets for organizations on the whole. (The tactic, after all, is called pay-per-click!) Nearly three-quarters of PPC budgets go to this end.

By comparison, contextual and affiliate advertising expenses command just one-tenth of the budget dollars devoted to clicks from search engines. Marketers' experiences with advertising on the content network were underwhelming, represented with comments such as, "did not meet our expectations," "lower clickthroughs and conversions," and even "complete waste of time and money." The search network was more highly favored in terms of campaign performance and ROI. Nevertheless, some marketers did find success on the content network, particularly when their campaign objectives were impressions, brand awareness and traffic. Although most agreed that the leads from the content network were of much lower quality than those from the search network, the content network could deliver under the right circumstances. To achieve this, marketers spoke to the necessity of splitting campaigns by search and content networks, and continual refining to discover which aspects convert better on the content network.

Chart: Allocation of PPC budget, by PPC maturity
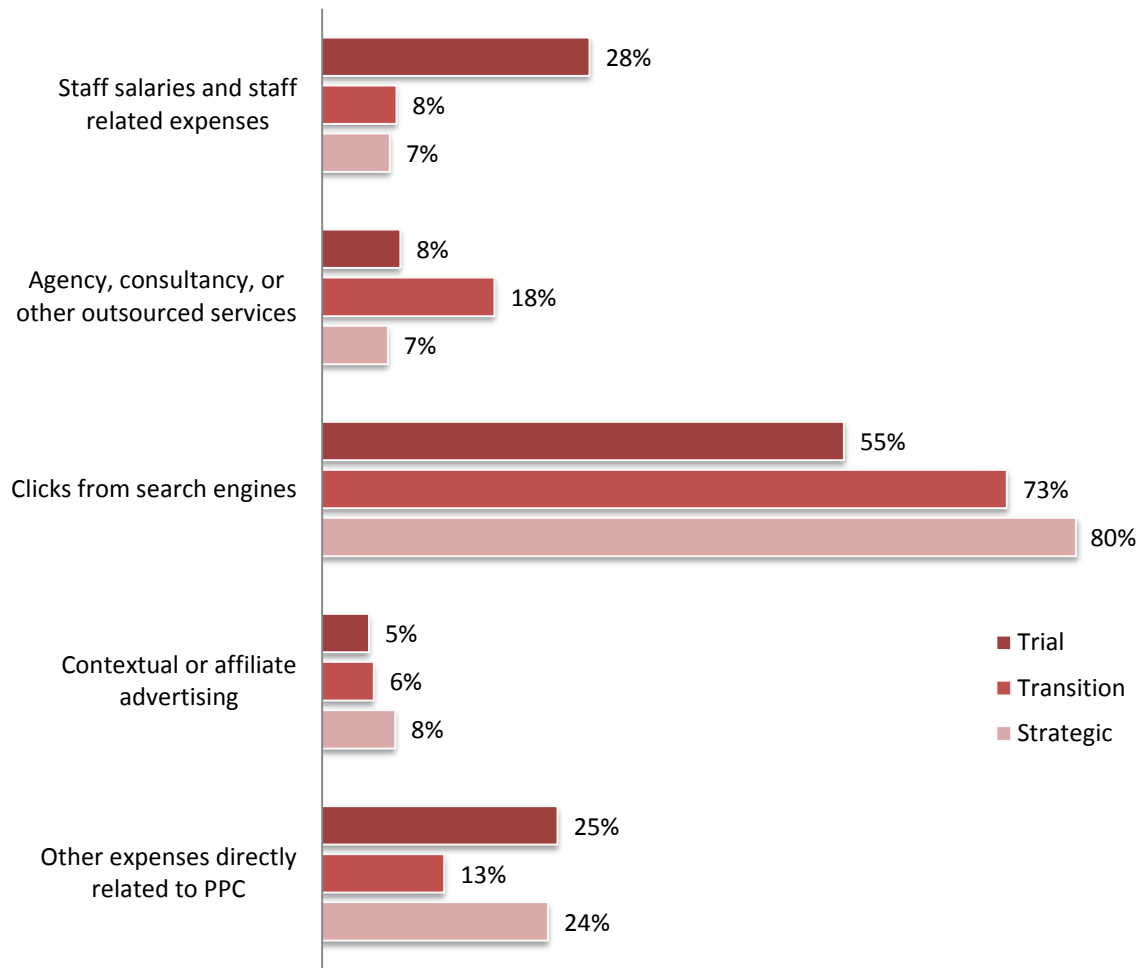
Staff salaries and staff related expenses
- 28%
- 8%
- 7%

Agency, consultancy, or other outsourced services
- 8%
- 18%
- 7%

Clicks from search engines
- 55%
- 73%
- 80%

Contextual or affiliate advertising
- 5%
- 6%
- 8%

Legend:
■ Trial
■ Transition
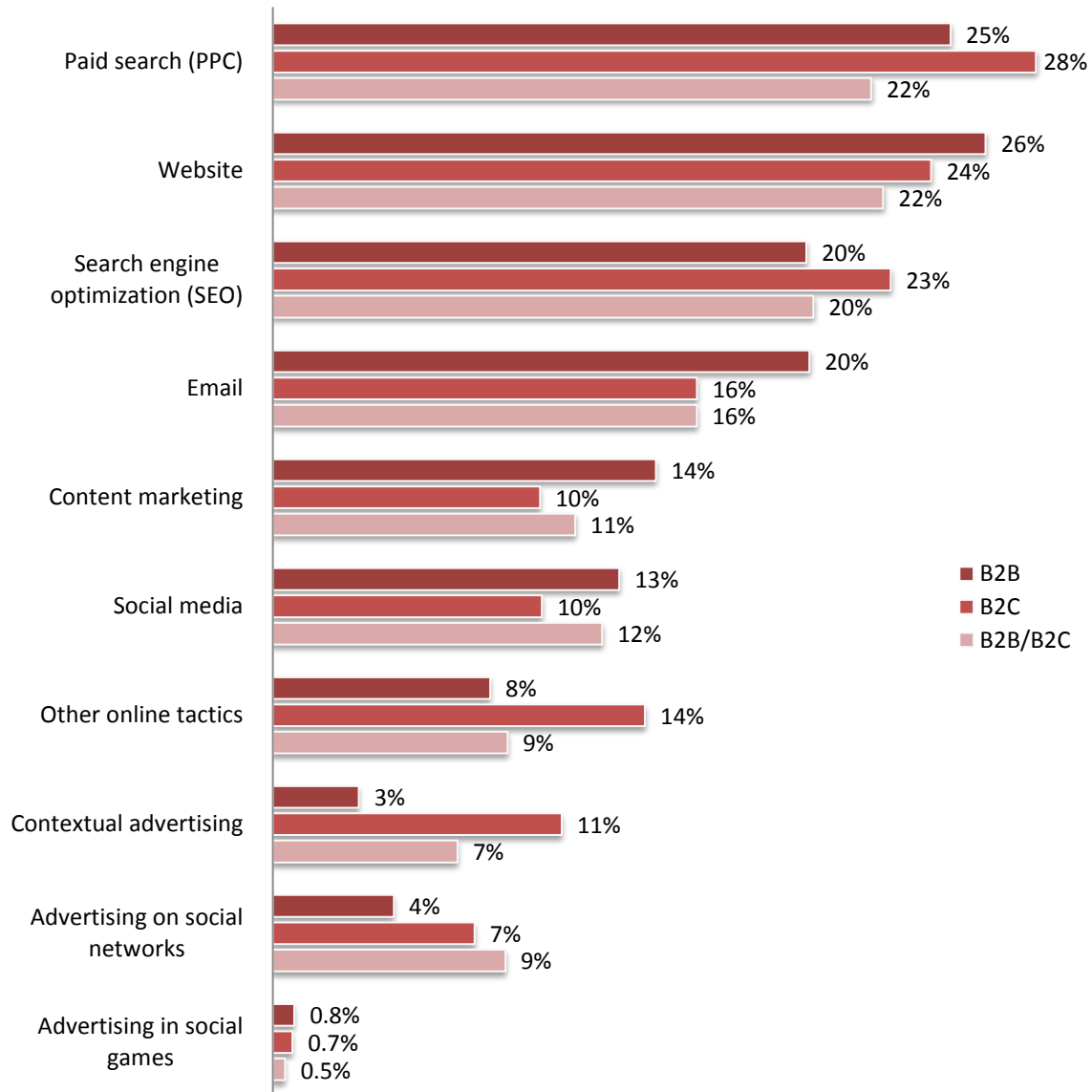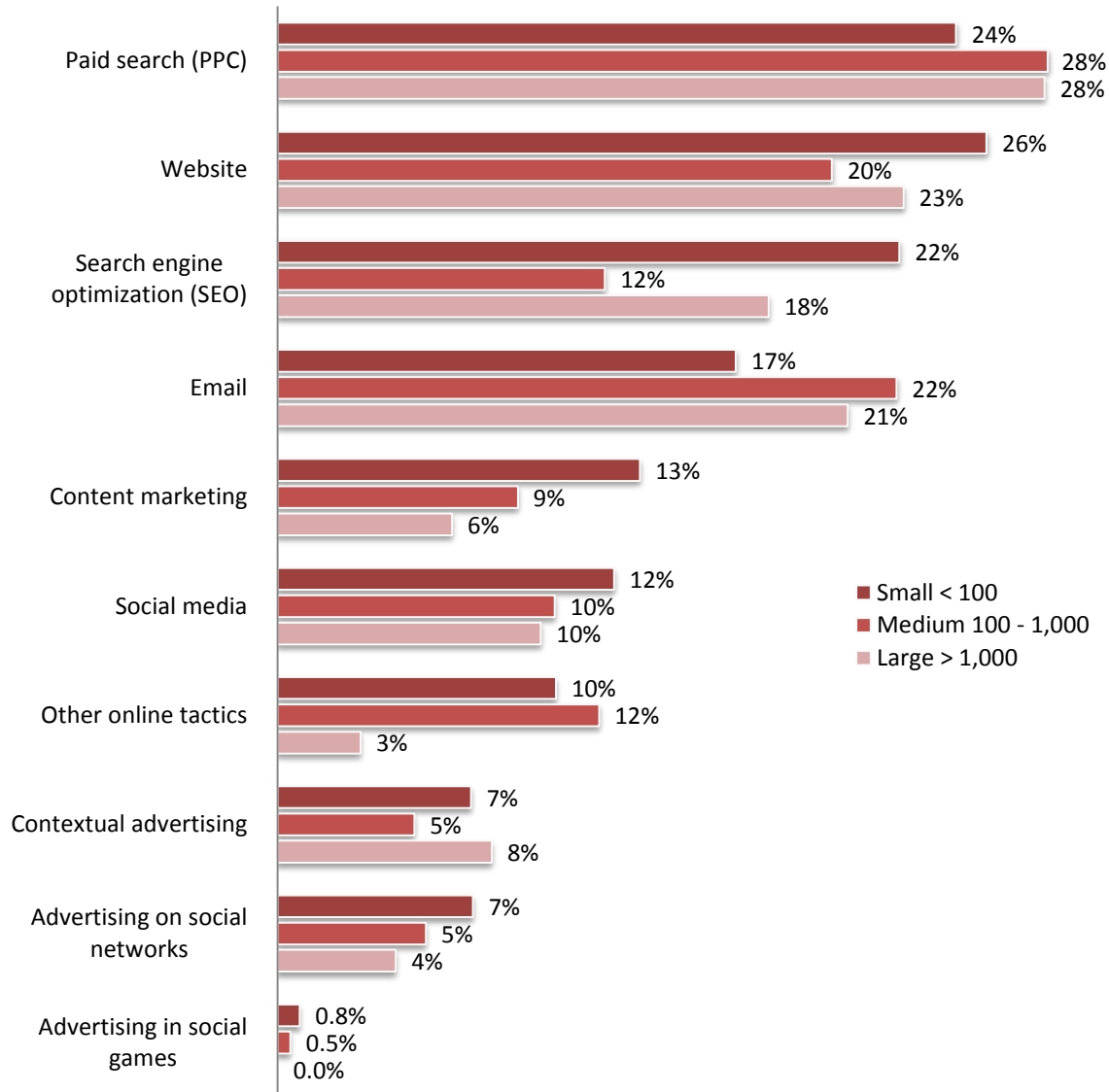■ Strategic

Other expenses directly related to PPC
- 25%
- 13%
- 24%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Strategic organizations, or those with a formal and systematic approach to PPC campaign management, channel 80 percent of PPC budgets to cover the cost of clicks from search engines. These companies allocate nearly 1.5 times as much to this category as organizations in the Trial phase.

Organizations in the Trial phase, or those with no process for their PPC programs, assign a greater percentage of their PPC budgets to staff salaries, compared to organizations in the other phases. As indicated in an earlier chart, Trial organizations allocate just 12 percent of online marketing budgets to PPC, compared to 29 and 32 percent respectively for Transition and Strategic organizations. A smaller base of budget dollars leaves less available for funding direct program expenses, particularly after covering the fixed overhead costs of staff salaries.

Chart: Allocation of PPC budget, by primary channel

B2B companies apportion 25 percent of their online marketing budgets to PPC programs. Within this category, these organizations spend most of the PPC budget on clicks from search engines. On average, staff salaries and outsourced services command equal portions of PPC budgets, with only a small fraction of the budget allocated for contextual or affiliate advertising.

Companies with both business and consumer channels allocate more than one-third of the PPC budget to staff expenses and outsourced services. The added complexity that comes with marketing to different audiences likely warrants a greater degree of involvement from internal and/or external personnel.

> *"PPC works very well when aimed in a very focused manner at very specific market niches. When used in this way, it is a very cost-effective way of reaching small groups."* – Marketer insight

Chart: Allocation of PPC budget, by organization size

Staff salaries and staff related expenses
- 16%
- 10%
- 19%

Agency, consultancy, or other outsourced services
- 13%
- 4%
- 23%

Clicks from search engines
- 66%
- 79%
- 65%

Contextual or affiliate advertising
- 7%
- 7%
- 8%

Other expenses directly related to PPC
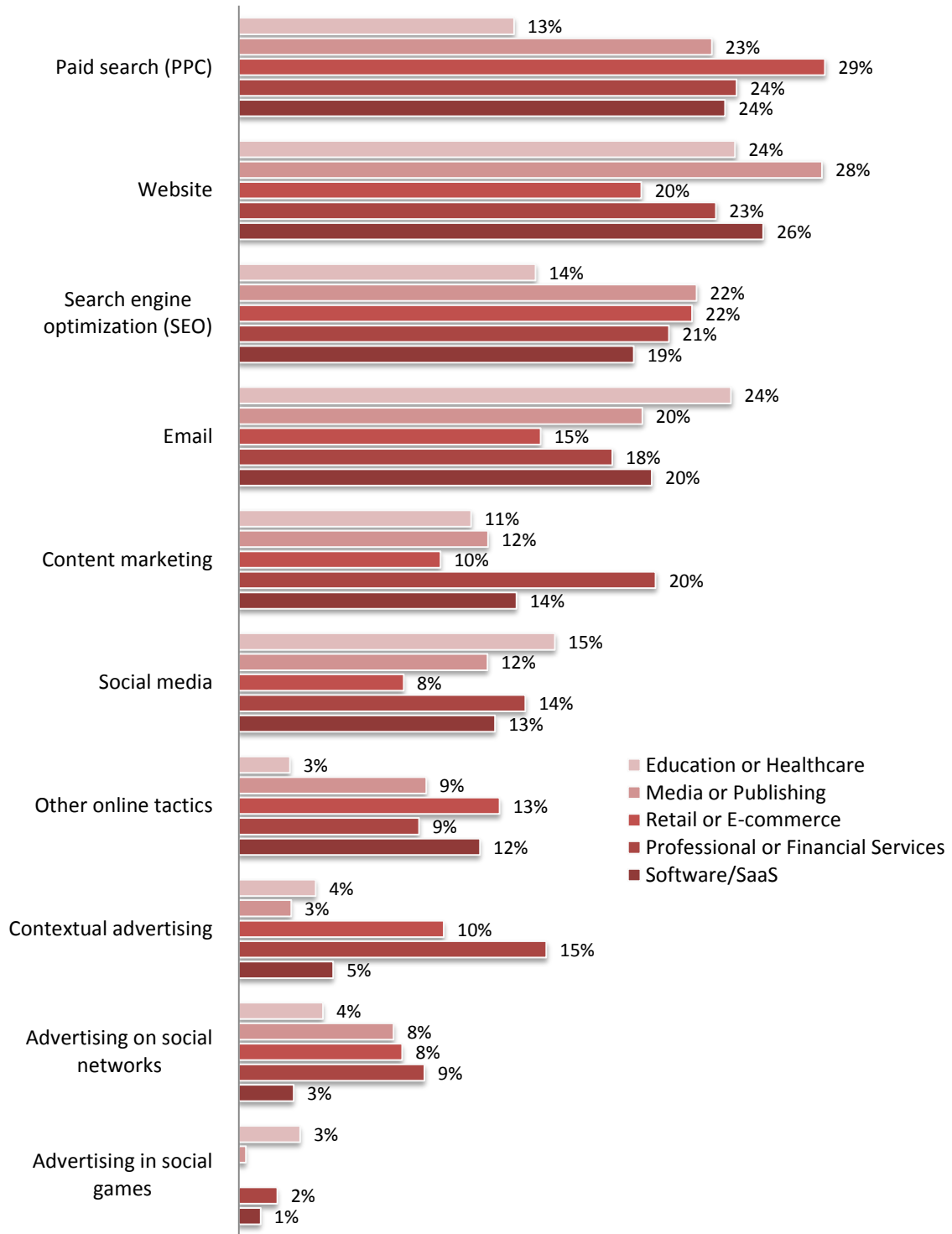- 22%
- 7%
- 5%

Legend:
- ■ Small <100
- ■ Medium 100 - 1,000
- ■ Large > 1,000

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Staff salaries and outsourcing fees comprise 42 percent of large organizations' PPC budgets. More than half of this amount goes to agency and consulting services.

Small organizations allocate budgets in a similar manner. Twenty-nine percent of PPC budgets in these companies also go to salaries and outsourced services, with a slight tip in favor of in-house personnel.

Medium-sized organizations allocate nearly 80 percent of budgets to clicks from search engines. By comparison to organizations of other sizes, this group spends a much smaller percentage on staff salaries, and agency and consulting services.

Chart: Allocation of PPC budget, by industry
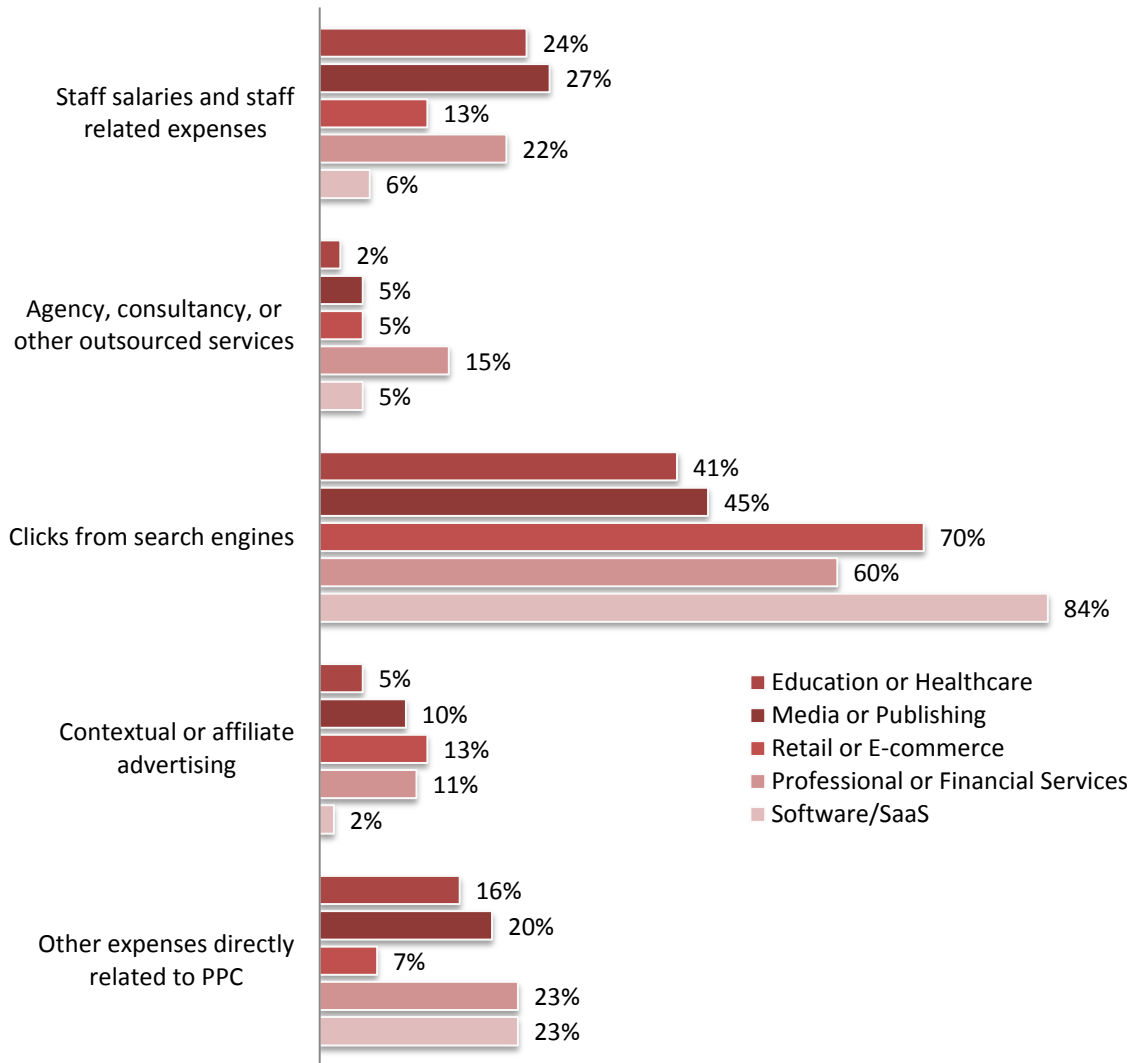
Staff salaries and staff related expenses
- 24%
- 27%
- 13%
- 22%
- 6%

Agency, consultancy, or other outsourced services
- 2%
- 5%
- 5%
- 15%
- 5%

Clicks from search engines
- 41%
- 45%
- 70%
- 60%
- 84%

Contextual or affiliate advertising
- 5%
- 10%
- 13%
- 11%
- 2%

Other expenses directly related to PPC
- 16%
- 20%
- 7%
- 23%
- 23%

Legend:
- Education or Healthcare
- Media or Publishing
- Retail or E-commerce
- Professional or Financial Services
- Software/SaaS

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

SIMILARLY-SIZED ORGANIZATIONS DISPLAY WIDE VARIABILITY IN PPC OPERATING BUDGETS

Chart: Current PPC budgets, by organization size

Q. What is your organization's approximate annual PPC budget (not including in-house staff salaries)?

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

The size of an organization does not necessarily dictate a certain spending threshold. As expected, smaller organizations tend to skew downward, while larger organizations skew upward.

Nevertheless, organizations of all sizes overlap in PPC spending levels. For example, 35 percent of small companies have PPC budgets of $10K - $50K; but nearly one-quarter of much larger organizations also budget the same amount for their PPC campaigns.

PPC BUDGETS EXPECTED TO STAY THE SAME OR GROW

Chart: Expected 12-month PPC budget change

Q. How much do you expect your organization's PPC budget to change in the next 12 months?
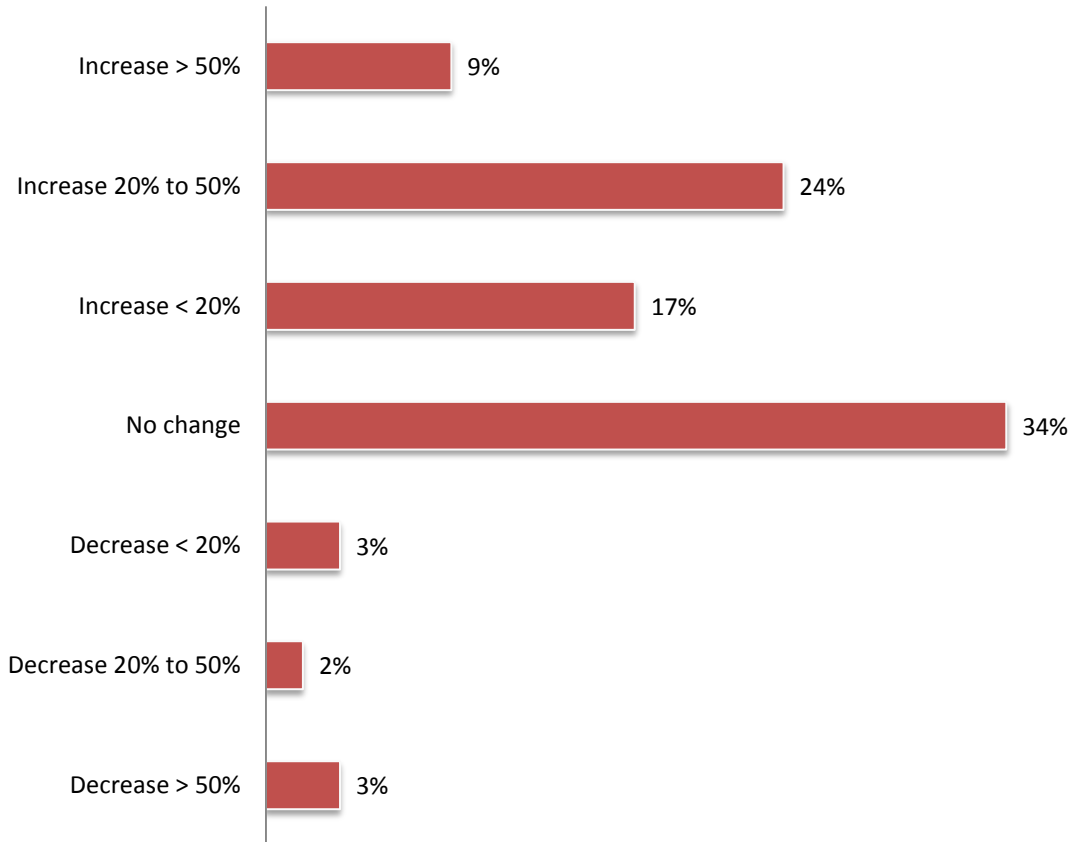
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Budget increases seem to be in store for most companies within the next 12 months. For every company planning to decrease PPC budgets, six companies will increase spending in this area. Specifically, 50 percent of organizations plan to increase PPC budgets, while only eight percent plan decreases.

The outlook on budget increases ranges from optimism to resignation. Although many organizations strongly believe in the measurable value of PPC, including its contributions to the marketing and sales pipeline, others view it as a necessary evil. Comments such as, "PPC is viewed as something we have to do, because our organic search is not good enough on its own" represent this sentiment.

Status quo is the 12-month plan for 34 percent of organizations that expect to make no adjustments to PPC budgets.

"PPC is quite important to what we do, and we are constantly trying to increase our programs in this area." – Marketer insight
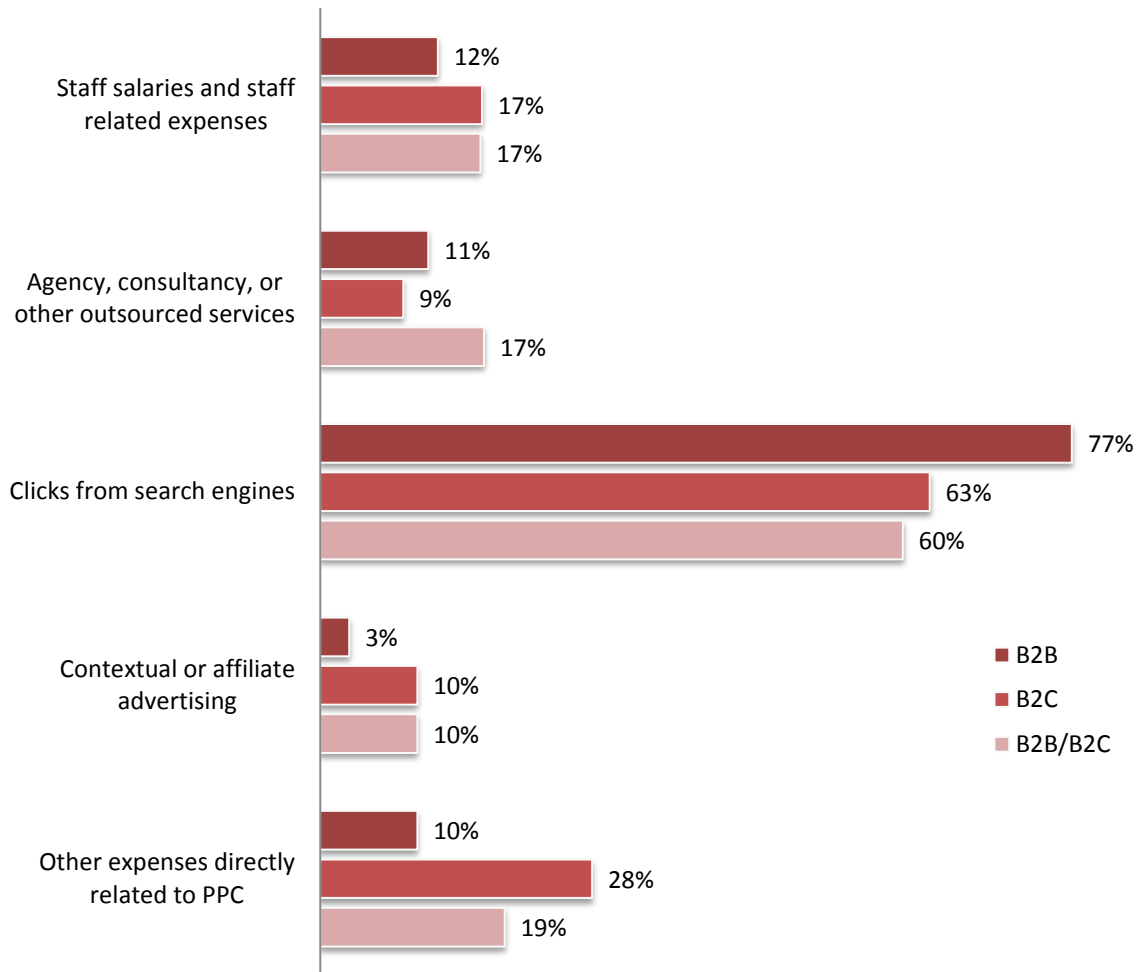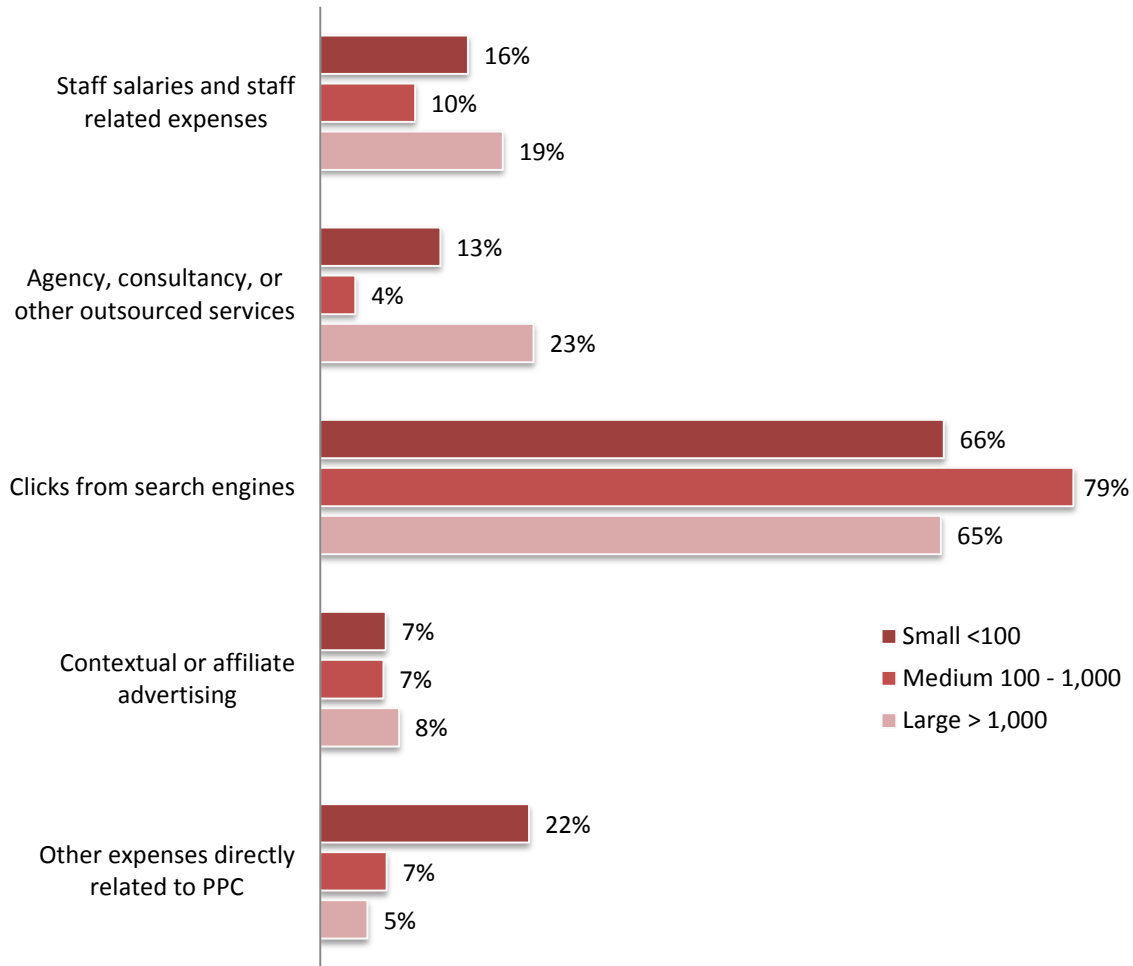
Chart: Expected 12-month PPC budget change, by PPC maturity
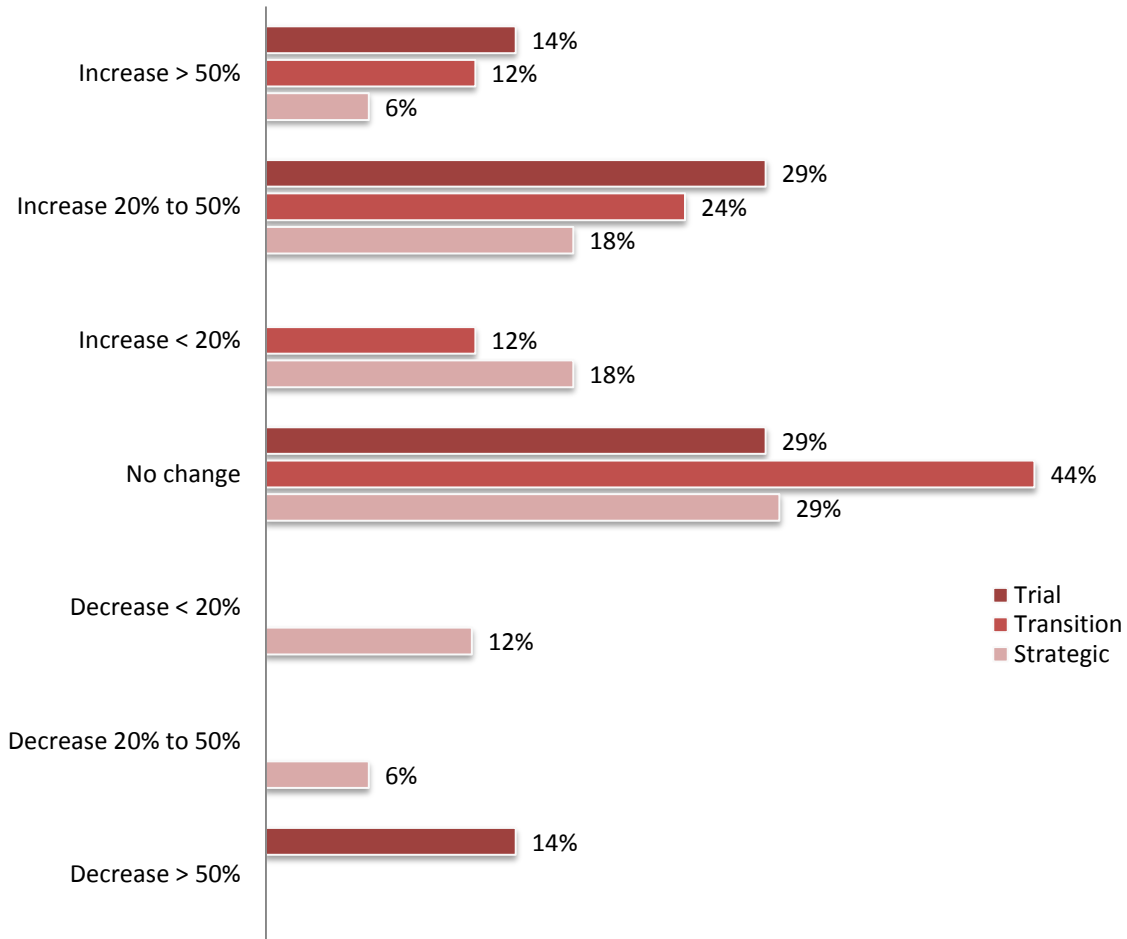
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Trial organizations lead the pack when it comes to boosting PPC budgets by more than 50 percent over the next 12 months. Companies in this phase are typically newer to PPC and, as such, are still experimenting with it and assessing its usefulness. As one marketer stated, "Our efforts have been primarily focused on organic SEO. We will begin trying PPC this year to evaluate its value and return." To this end, 43 percent plan to visibly ramp up their spending levels.

> *"PPC was almost a complete waste of resources. Very, very little of the traffic it produced could be converted."* – Trial Marketer insight

Transition and Strategic organizations intend to make more modest increases, represented by just one-third of organizations in these phases expecting to increase budgets by up to 50 percent.

Strategic organizations and Trial organizations both plan to make budget decreases, although the reasons behind these decreases diverge. Trial organizations lack a systematic approach for planning, executing and measuring PPC campaigns, and profitable results are, at best, unlikely. Strategic organizations look at search marketing more holistically. Paid search has its role in testing, traffic and leads, but the end goal for many of these organizations is still organic search.

Chart: Expected 12-month PPC budget change, by primary channel
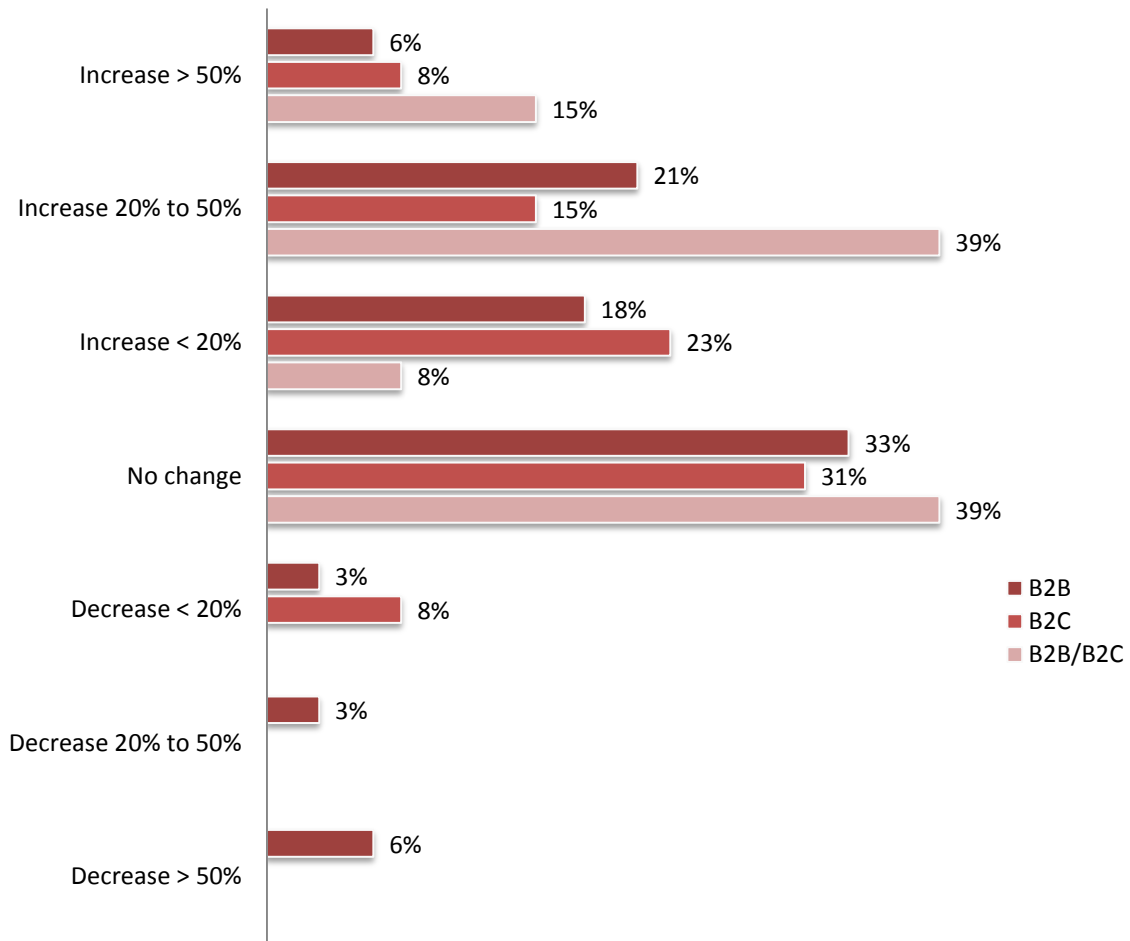
Sixty-two percent of B2B/B2C companies plan to increase PPC budgets in the next 12 months. By comparison, only 45 percent of B2B companies and 46 percent of B2C companies plan increases. Instead, these organizations look to maintain – and even decrease – current spending levels for PPC.

Many companies can point to a good return on the investment of time, effort and expense into PPC marketing efforts. As a result, companies elect to fund these programs year after year. The rub for many marketers is that these programs are unsustainable without an influx of cash. As one put it, "It's the single best straight ROI; however, it's all pull tactics and no/little branding. That means starting over from same spot next year."

"Our PPC strategy has been in place for six years and has been the primary driver of our conversions. We are (finally!) planning on moving to other marketing efforts this year but, with that said, we will continue to use PPC as a strong presence for our brand." – Marketer insight

Chart: Expected 12-month PPC budget change, by organization size
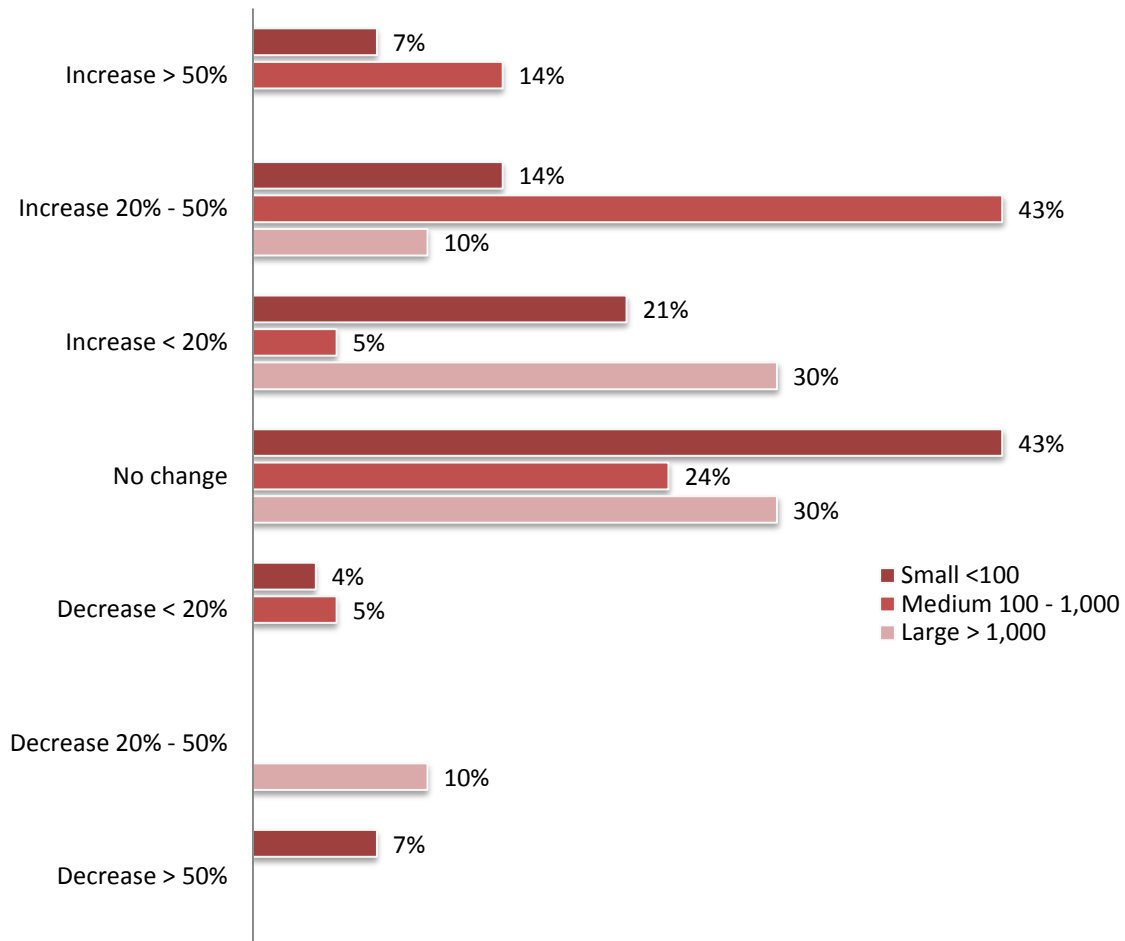
Category	Small <100	Medium 100 - 1,000	Large > 1,000
Increase > 50%	7%	14%	
Increase 20% - 50%	14%	43%	10%
Increase < 20%	21%	5%	30%
No change	43%	24%	30%
Decrease < 20%	4%	5%	
Decrease 20% - 50%			10%
Decrease > 50%	7%		

Legend:
- Small <100
- Medium 100 - 1,000
- Large > 1,000
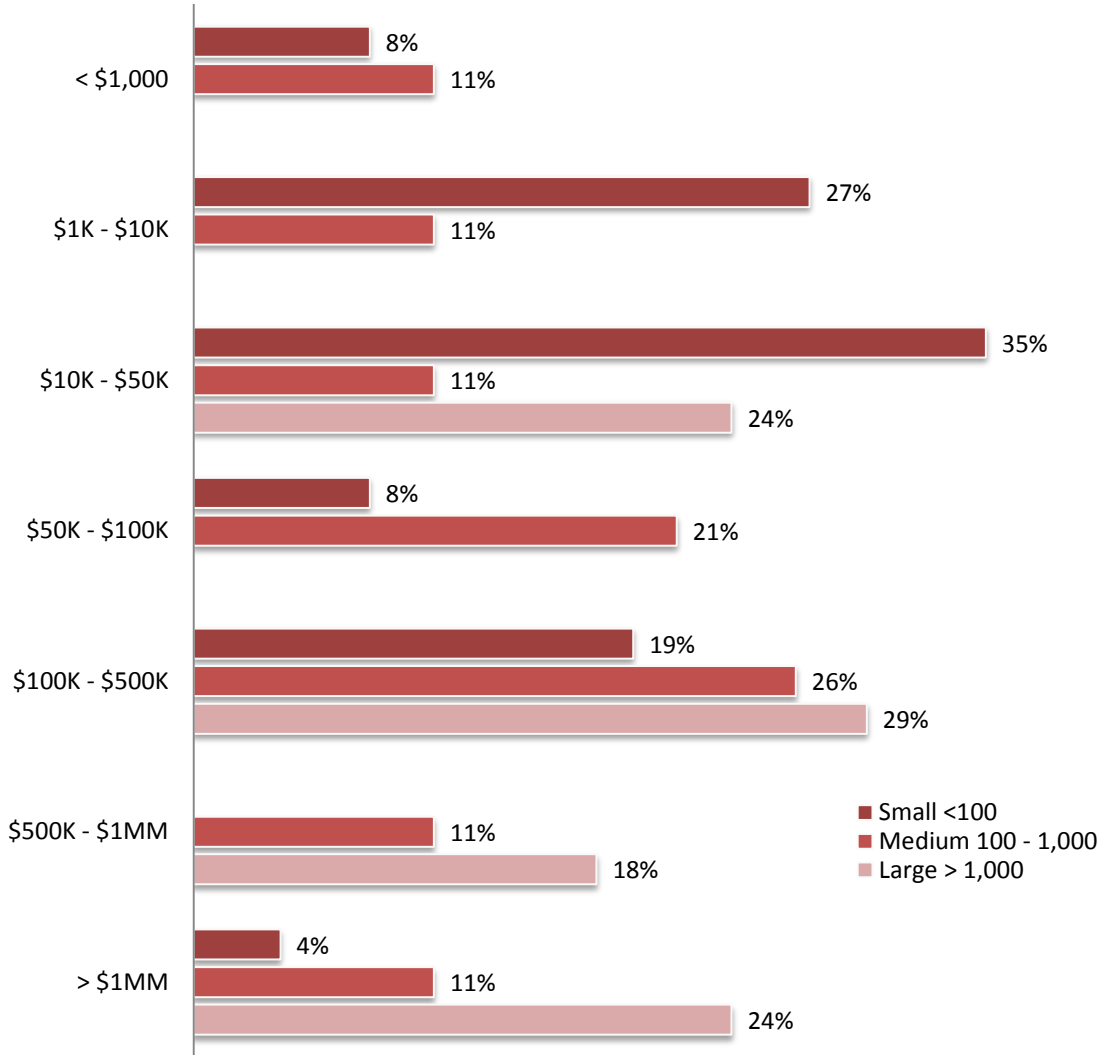
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Organizations of all sizes expect to increase their PPC budgets in the next year, but these increases vary by organization size. Nearly two-thirds of medium-sized organizations expect to step up PPC spending, compared to just 42 percent of small organizations and 40 percent of large organizations. Only small and mid-sized organizations expected increases to top 50 percent of current budget levels.

"Our organization puts a great deal of emphasis on analysis and increasing marketing ROI. We have put in the necessary tools to have closed-loop attribution for marketing campaigns. PPC has one of the highest ROIs of our marketing channels, and typically results in immediate sales (online and offline). It does not require the longer sales cycles that we see from tradeshows and print advertising. My organization can easily see the value of PPC." – Marketer insight

MARKETER INSIGHTS ON THE VALUE RETURNED FROM PPC BUDGET INVESTED

Q. How would you describe the perception of Paid Search (PPC) at your organization in terms of the value it returns on the budget invested?

TRIAL PHASE MARKETERS

- Bad ROI

- Bottom of the funnel activities. Not yet seen as a strategic channel.

- Do not consider it a good investment at this time.

- Has potential, but the expertise doesn't exist in the organization to maximize it fully.

- Overrated.

- PPC is fast, but feels like a drug – addictive.

- We have not pursued this line of marketing as we are not convinced of its ROI.

- Worthwhile, but doesn't give the ROI of other initiatives.

- Only good as a first step in attracting attention. In the long term, it's content marketing and inbound efforts and partnerships that work.

- PPC is still something of a mystery within our organization from the standpoint of what it is and how it can best be used.

- I am not doing any PPC yet because I think there is still a lot more return I can glean from no-cost activities.

- Paid search is currently outsourced and not performing as well as it should be. Facebook Ads and remarketing efforts yield higher conversion, so budget dollars will likely shift that direction.

- The biggest issues are fear around spending a lot of money for clicks and getting no return and finding a company that knows what they are doing.

- Haven't used it yet. Might be good to test out keywords for SEO. Our target market is a very technical, very small niche. Ph.D's don't click on ads.

- Only works when someone cannot find what they are looking for during their organic search.

TRANSITION PHASE MARKETERS

- Highly valued. Perception is the clicks that result from PPC are leads for the pipeline.

- It is perceived to be relatively cost-effective, especially since it's easy to measure ROI.

- It works very well in our B2B channel, and the ROI has been simply enormous.

- PPC is only useful for buyers who know exactly what they want, not browsers.

- PPC is very valuable; we just have no budget at the moment.

- Returns excellent "value for the money."

- Valuable, if properly done. Requires analytical and non-emotional approach.

- We feel we do not get good value from PPC, but can't prove it.

- An art to get the right audience.

- No success with PPC compared to how well we do with organic search results.

- We are very early in the PPC game. We are selling an intangible product (consulting) and are working to improve our SEO first.

- Most of our people skip paid ads when they know it's a paid ad and go directly to natural search results.

- Mixed. Most of our marketing - SEO, content management - is managed in-house and so is allocated to overhead. Hence, the cost of "buying" AdWords is our main direct cost of marketing. Long-term ROI shows a benefit with AdWords; short term, a substantial cost. It's a balancing act of cost versus investment.

- Could be more profitable. Requires extensive A/B testing and landing page optimization. Great tool to increase traffic to the website and expand brand awareness.

- We only bid on search terms that the website is unable to rank for naturally. PPC advertising is only used to supplement word-of-mouth, which is overwhelmingly our primary lead source. In comparison to WOM, PPC performs poorly, but still has a positive ROI.

- PPC has very limited value. Our B2B buyers don't search to buy. They search to research to buy. The few who respond to ads tend to be small companies with small budgets.

- It can suck a lot of money out of the coffers very quickly. I find it something that keeps me on edge when campaigns are running. I really have not found it to return much in the way of conversions. Maybe it is our inexperience, however.

STRATEGIC PHASE MARKETERS

- Acquires new customers at acceptable cost.

- Cost has to be performance based, e.g. qualified leads versus leads.

- Essential part of the marketing mix.

- Extensive use of paid search provides an excellent ROI, and a significant competitive advantage.

- Generally speaking, one can be happy if it breaks even.

- It is very good and delivers good, measurable ROI.

- Works when the conversion process has less friction.

- Only valuable to gain insight on keywords.

- PPC is valued. We will continue to grow this part of the budget as budget dollars permit.

- PPC is viewed as a valuable component to drive sales to our business.

- Valuable investment and immediate results.

- Fairly well understood and well-supported.

- Great research tool. Data gathered is as valuable as direct ROI, which is very good.

- Cost-per-acquisition (CPA) is perceived as high, due to past poor performance of PPC. CPC was high, and clicks to website were also high, but sales conversions were very low. The poor conversions were not due to poor landing page layouts or poor campaign management, but rather to offering a product that people wanted at the price they were willing to pay for it.

- Acceptable ROI, given competitive space for products. Requires optimized landing pages to enhance results.

- Paid search is a valuable way of testing, but very difficult to scale. It will always be used as a testing tool rather than an actual scalable go-to-market strategy. It does, however, give us valuable insight.

- The perception of Paid Search at our organization is that it is beneficial to the business. We feel that our ROI is justified to continue with PPC advertising.

- PPC has value in the early stages of a launch. As time progresses, we try to wean a site from PPC as organic search builds.

- Perceived as expensive, yet it remains a necessary evil. We constantly strive to reduce CPC while working to increase conversion.

- Excellent. It is being continually updated and optimized to produce the best cost-per-acquisition of all channels.

- PPC can be effective if it is done with a thorough understanding of how to buy it most efficiently, and if it's done expertly in targeting the very best market segment for one's product or service. Even done well, most of the time its cost closely equals its benefit and ROI. We do not view it as a profit driver. PPC can be most effective as a tactic for increasing visitors to a website, which means using it for "buying" leads, or in the case of simply justifying an information website with no offer made for a tangible sale. But our experience is that it is not directly a profitable advertising investment *unless* the product or service being sold on the website has an extremely large margin of profit and the keywords can be bought at very low cost.

CHAPTER 6: INBOUND MARKETING LEADS

Over the last 12 months, leads from inbound marketing tactics have increased in significance. As the name suggests, these marketing strategies and tactics draw relevant prospects and customers to a business. For the purposes of search, inbound marketing increases the visibility of a company's website to prospects looking and shopping for a solution

INBOUND MARKETING LEAD SOURCES ARE GROWING IN IMPORTANCE

Chart: Lead sources increasing and decreasing in importance over last 12 months

Q. Which sources of leads have become more important and less important to you over the last 12 months?
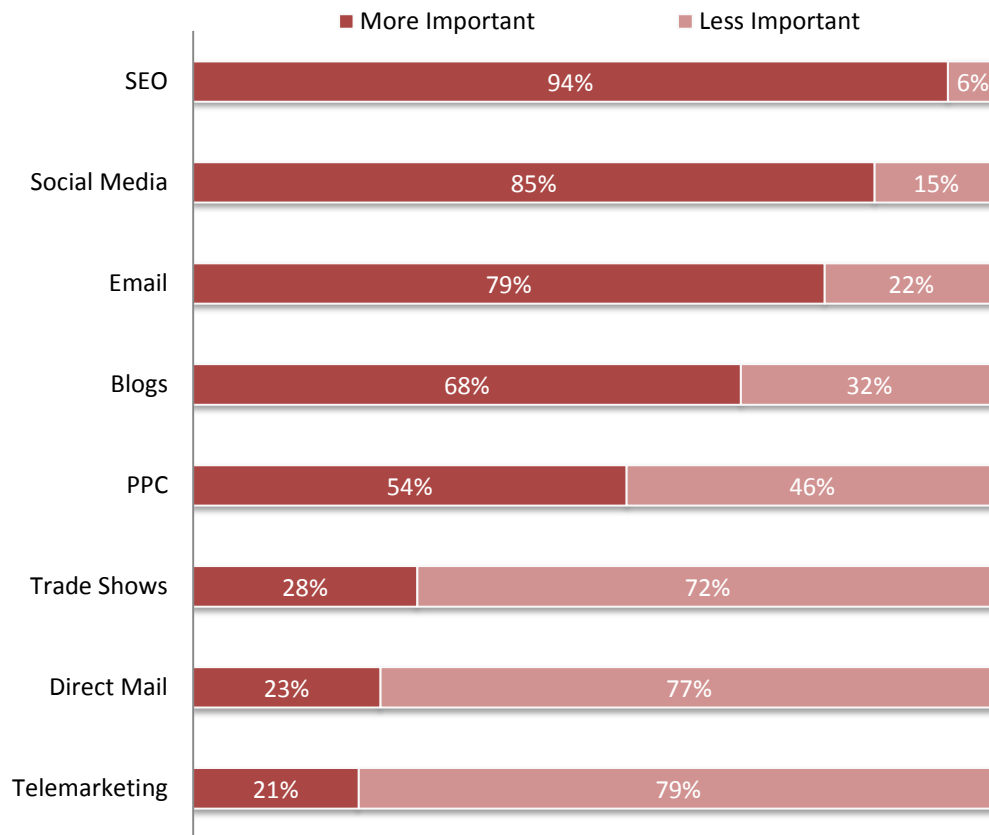
	More Important	Less Important
SEO	94%	6%
Social Media	85%	15%
Email	79%	22%
Blogs	68%	32%
PPC	54%	46%
Trade Shows	28%	72%
Direct Mail	23%	77%
Telemarketing	21%	79%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

The perceived value of leads from inbound marketing activities heavily outweighs the value assigned to leads from traditional marketing endeavors. As an example, 94 percent of organizations vote in favor of their leads from search engine optimization. Social media is a close second, with 85 percent of organizations assigning these activities growing importance. In terms of leads from paid search, organizations are split down the middle. Fifty-four percent of organizations view these as growing in importance over the last 12 months, but 46 percent hold the opposite viewpoint.

Chart: Lead sources growing in importance over last 12 months, by PPC maturity phase
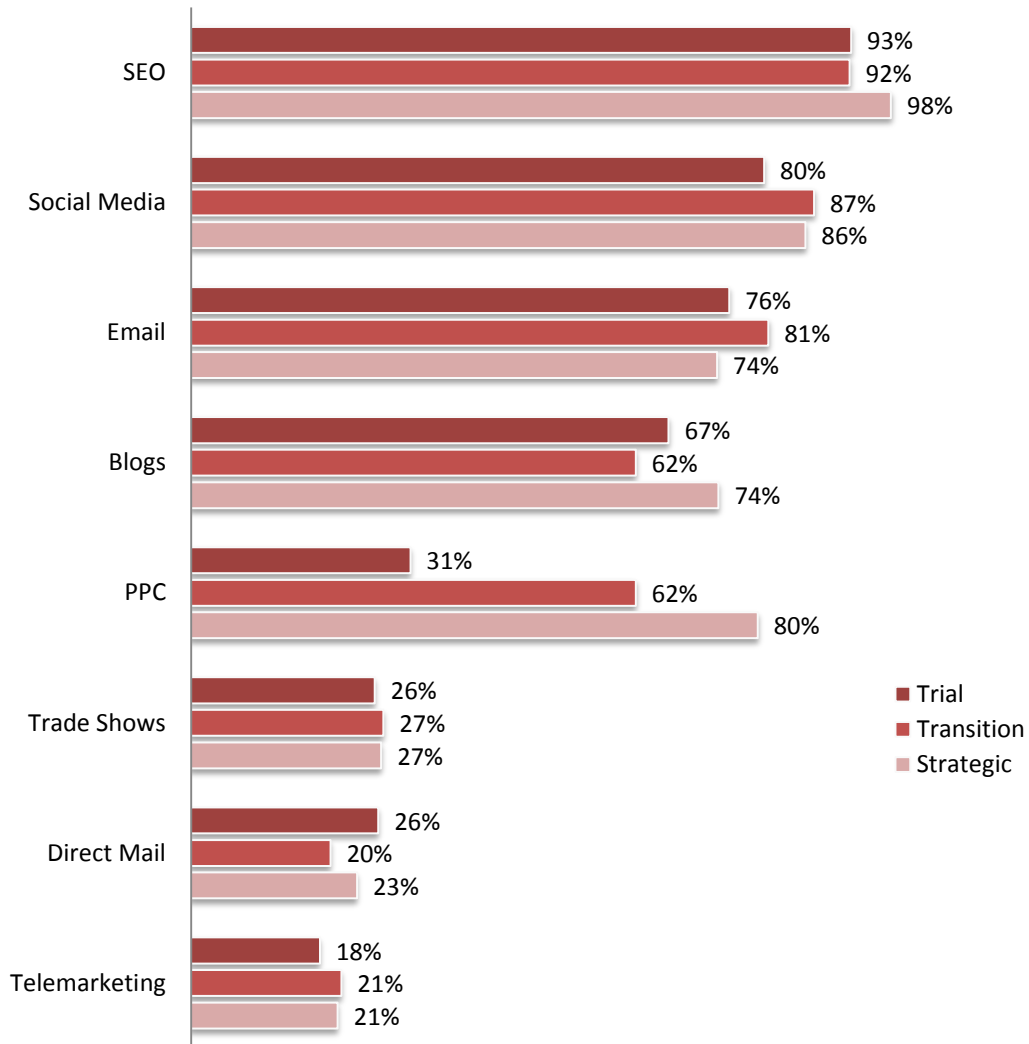
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Inbound marketing tactics tend to be cost-effective, and these offer an efficient option for generating highly qualified leads. Nevertheless, as with all marketing programs, the lack of a plan or strategy can nullify the best of intentions and efforts.

Organizations across the phases of PPC maturity similarly perceive the growing importance of various lead sources, give or take a few percentage points. For example, between 92 and 98 percent of all organizations find leads from SEO efforts to have grown in importance; between 80 and 87 percent of all organizations consider social media leads to be rising in value; and so on.

PPC leads are the exception, indicated by a large discrepancy in the perception of importance. Only 31 percent of Trial organizations stated that PPC was a significant lead source in the last year, compared to 62 percent of Transition and 80 percent of Strategic organizations. Within these viewpoints, one sees the effect that a systematic approach for planning, executing and measuring PPC has on lead outcomes.

Chart: Lead sources growing in importance over last 12 months, by primary channel
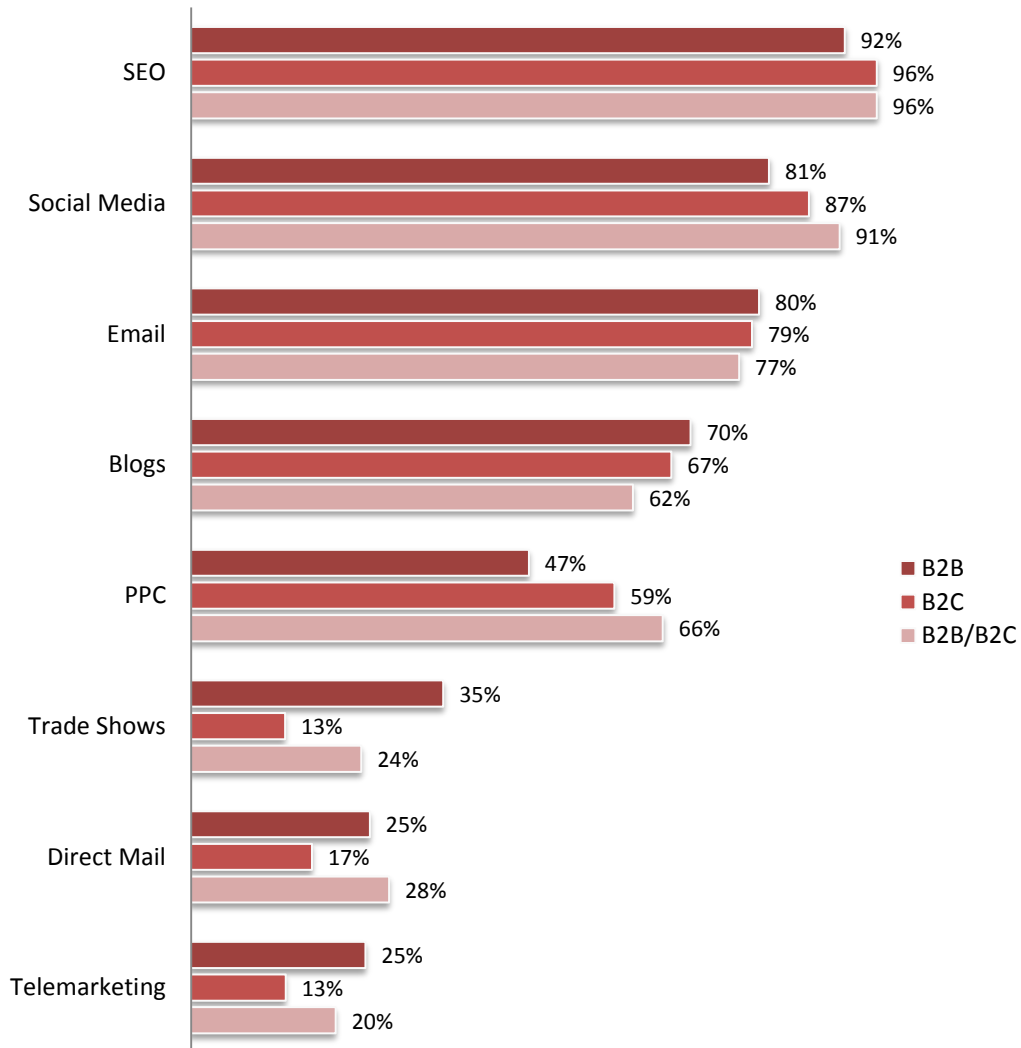
SEO
- B2B: 92%
- B2C: 96%
- B2B/B2C: 96%

Social Media
- B2B: 81%
- B2C: 87%
- B2B/B2C: 91%

Email
- B2B: 80%
- B2C: 79%
- B2B/B2C: 77%

Blogs
- B2B: 70%
- B2C: 67%
- B2B/B2C: 62%

PPC
- B2B: 47%
- B2C: 59%
- B2B/B2C: 66%

Trade Shows
- B2B: 35%
- B2C: 13%
- B2B/B2C: 24%

Direct Mail
- B2B: 25%
- B2C: 17%
- B2B/B2C: 28%

Telemarketing
- B2B: 25%
- B2C: 13%
- B2B/B2C: 20%

■ B2B
■ B2C
■ B2B/B2C

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

SEO is a growing source of important leads for marketers targeting all types of customer segments. Nearly all marketers welcome leads from SEO efforts. Following closely are leads from social media, the result of organizations maturing in their skills and understanding of how to effectively run social marketing programs (including search and social media integration.)

Leads from paid search did not grow in importance as much as the leads from other inbound lead sources. Nevertheless, PPC still serves an important role in top-of-the-funnel lead acquisitions. Two-thirds of organizations marketing to both business and consumer channels claim that their PPC leads increased in importance and value. Nearly half of all B2B marketers reached similar conclusions.

In terms of outbound leads, more than one-third of B2B organizations still view tradeshows as an important source of leads. Despite the effort and expense, the value of in-person contact is worth the price for many.

Chart: Lead sources growing in importance over last 12 months, by organization size
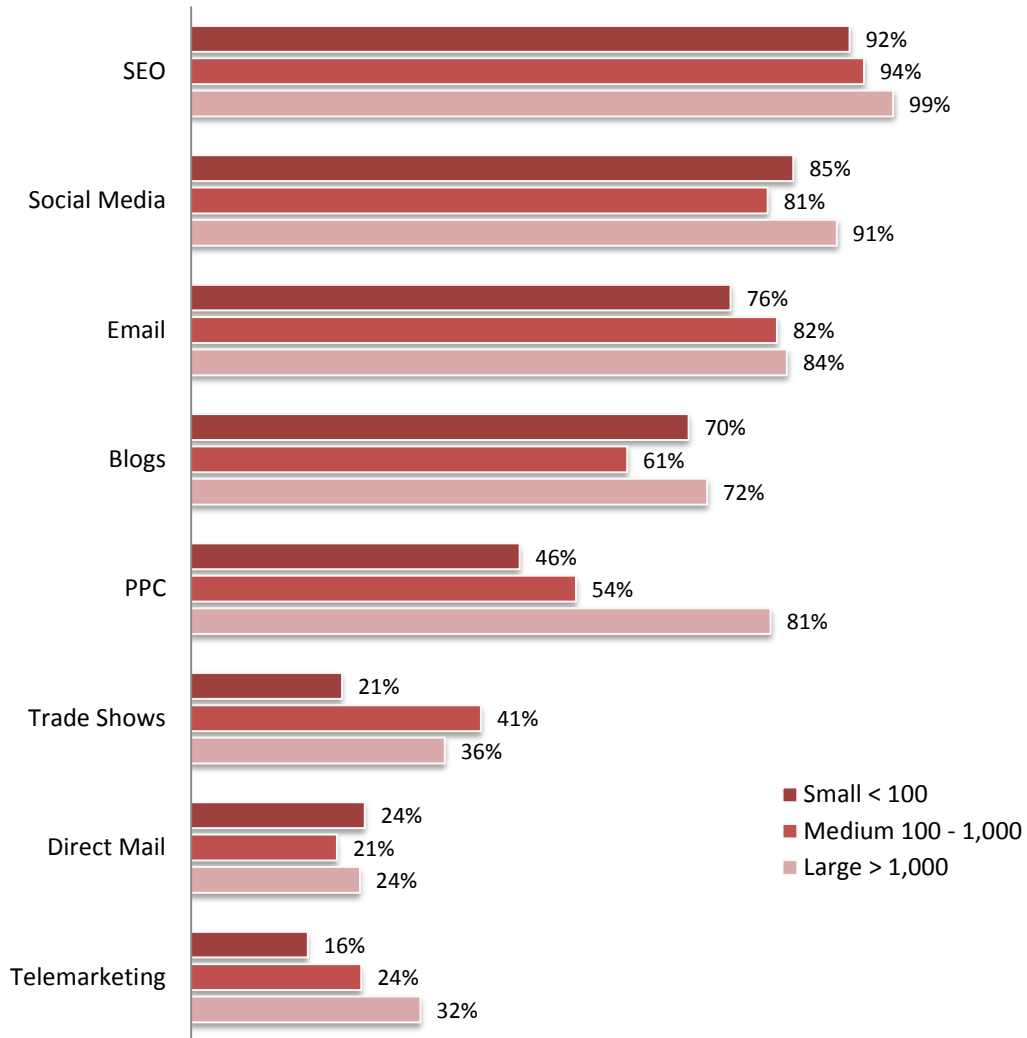
SEO
- 92%
- 94%
- 99%

Social Media
- 85%
- 81%
- 91%

Email
- 76%
- 82%
- 84%

Blogs
- 70%
- 61%
- 72%

PPC
- 46%
- 54%
- 81%

Trade Shows
- 21%
- 41%
- 36%

Direct Mail
- 24%
- 21%
- 24%

Telemarketing
- 16%
- 24%
- 32%

■ Small < 100
■ Medium 100 - 1,000
■ Large > 1,000

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Large organizations overwhelmingly regard PPC as a growing and important source of leads. More than 80 percent of big companies favorably view sponsored listings as a valuable lead source, compared to just 46 percent of small companies and 54 percent of medium-sized companies. Large companies usually have larger budgets and can therefore spread monetary resources across more keyword bids and placements.

Email leads have eclipsed direct mail as a more important source of leads. More than three times as many organizations across all sizes place greater value on leads received from email than from direct mail.

"Paid search has become more difficult for small companies doing strictly affiliate marketing. To profit most, it seems best to own the products being marketed." – Marketer insight

Chart: Lead sources growing in importance over last 12 months, by industry

Legend:
- Education or Healthcare
- Media or Publishing
- Retail or E-commerce
- Professional or Financial Services
- Software/SaaS

SEO
- 90%
- 92%
- 100%
- 98%
- 87%

Social Media
- 88%
- 92%
- 82%
- 90%
- 77%

Email
- 83%
- 75%
- 80%
- 86%
- 77%

Blogs
- 63%
- 70%
- 66%
- 71%
- 74%

PPC
- 58%
- 26%
- 63%
- 54%
- 55%

Trade Shows
- 26%
- 20%
- 16%
- 31%
- 28%

Direct Mail
- 19%
- 22%
- 19%
- 30%
- 18%

Telemarketing
- 15%
- 11%
- 9%
- 29%
- 27%

INBOUND LEADS COST 66% LESS THAN OUTBOUND LEADS, ON AVERAGE

Chart: Cost of inbound versus outbound lead

Q. What is your average cost-per-lead of inbound versus outbound leads?
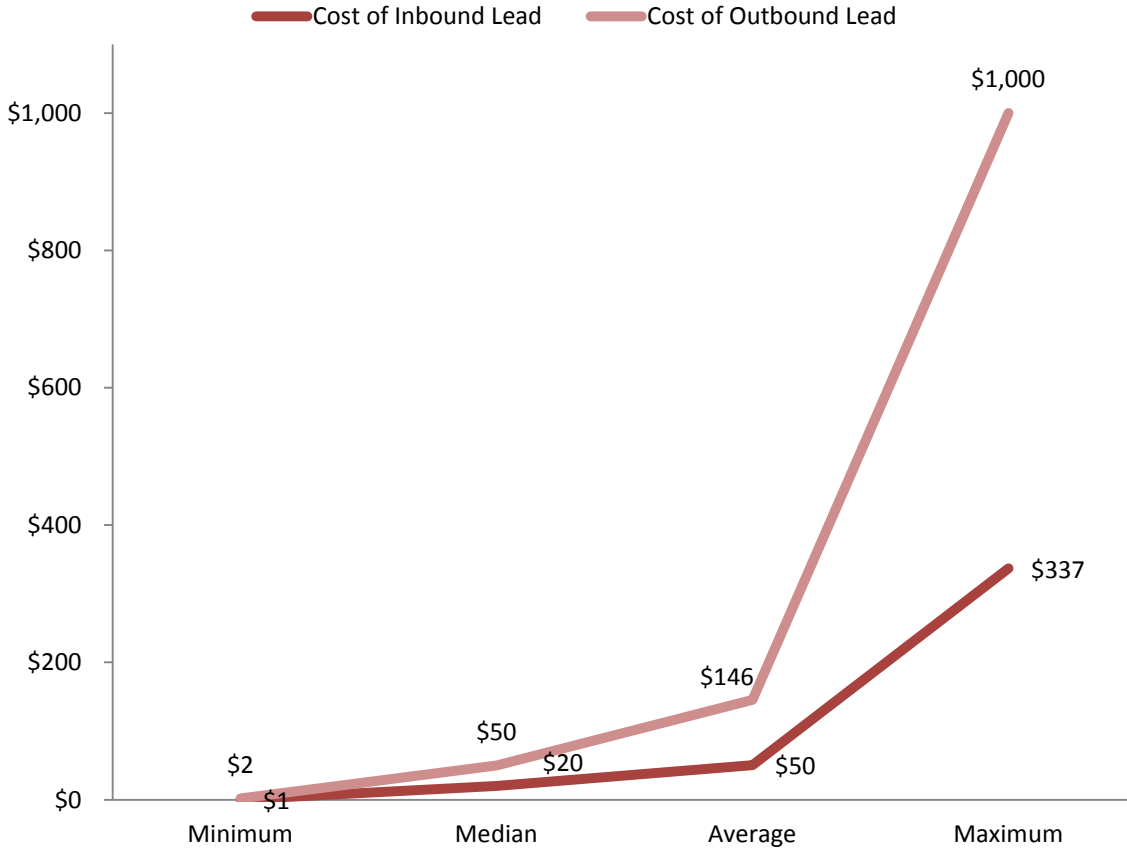
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Inbound leads are less expensive than outbound leads by nearly a factor of three, on average. Sometimes organizations get what they pay for with low-cost leads. However, as earlier charts indicated, organizations value leads from inbound marketing sources and assign them growing importance.

"PPC cannot be considered alone, independent of SEO. Together they present a formidable ROI." – Marketer insight

PPC AND SEO WORK TOGETHER TO BRING IN LEADS

Chart: Percentage of total lead volume from paid search versus SEO

■ % Total Leads from PPC   ■ % Total Leads from SEO

	10% or less	11% - 25%	26% - 50%	51% - 75%	76% or more
% Total Leads from PPC	40%	18%	24%	13%	4%
% Total Leads from SEO	23%	23%	21%		14%

While most online marketers agree that SEO and PPC are both essential in search engine marketing, many favor one over the other. However, PPC and SEO do complement one another, and the combination of the two can produce results. In this chart, we see that 45 percent of marketers obtain between 25-50 percent of total leads from PPC and SEO. The more real estate a company commands on a search engine results page (SERP), the better the recognition, trust, and ultimately clicks it will receive. In fact, users will typically click an organic listing up to three times as often as a sponsored ad. Therefore, using both SEO and PPC covers all angles.

"We use PPC to analyze traffic potential for SEO. We don't use PPC as a marketing tool in itself." – Marketer insight

SEO takes time to develop. Getting and staying in coveted top spots can bring about extended flows of traffic, leads and revenue for the long term. In the meantime, PPC is a quick traffic generator. But its contribution doesn't end there. PPC enhances SEO in a number of ways. For instance, marketers can use PPC to find out which keywords actually drive traffic and convert – including valuable long-tail keywords – before pouring time and resources into search engine optimization. Using PPC, marketers can also split test landing pages, calls-to-action, and ad copy for eventual use in meta descriptions.

CHAPTER 7: USING PAID SEARCH IN LOCAL SEARCH

For years, marketers have optimized for global search. But now Google states that 20 percent of all searches have a local intent. Are organizations prepared for this shift? And how does PPC come into play?

LOCAL SEARCH VIEWED AS HAVING POSITIVE IMPACT ON OBJECTIVES

Chart: Degree of importance local search plays in achieving search marketing objectives

Q. How important is local search in helping you achieve your search marketing objectives?
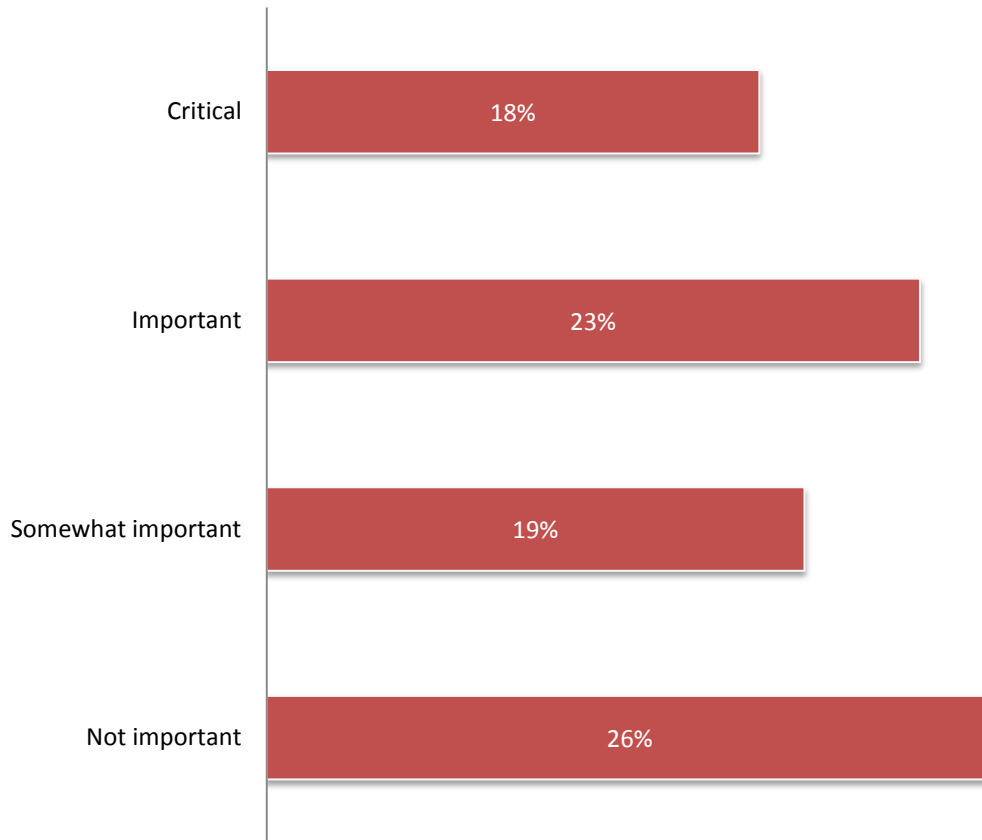
Forty-three percent of organizations consider local search a critical or important factor for achieving search marketing objectives. Individuals and businesses are increasingly looking to local listings for shopping, restaurants, services, vendors and more. For these reasons (among others), appearing in local search results can help a business stand apart from its competition.

In terms of paid search, programs like AdWords Express (formerly Google Boost) extend the capabilities of local search by melding a local business listing (Google Places) with a PPC advertisement. Businesses can cater ads to a very specific audience and direct this audience to their Google Places page or website.

MANY STILL HAVE NO LOCAL BUSINESS LISTING ON SEARCH ENGINES

Chart: Organizations claiming local business listing on search engines

Q. Has your organization claimed a local business listing on one or more search engines?
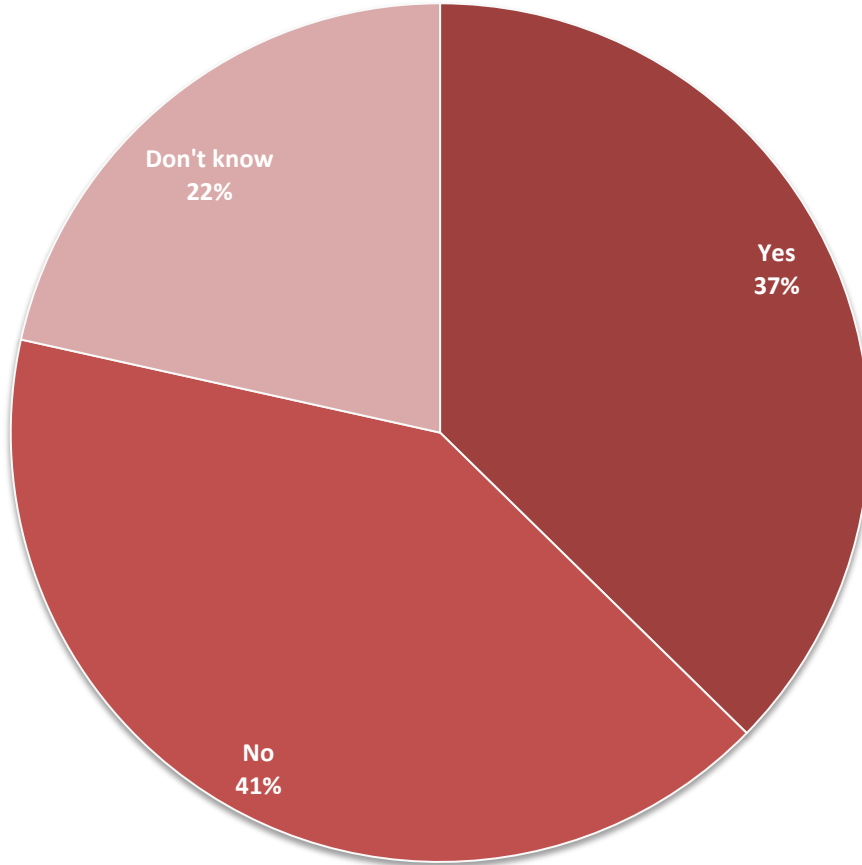
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Local business listings (e.g. Google Places) are featured at the top of search engine results pages. Despite these enviable ranking positions, for every organization that has a listing, another does not. Forty-one percent of organizations still have not claimed a local business listing, and an additional 22 percent are simply unsure.

Enhancements like AdWords Express only work off a local business listing. Consequently, not claiming a local business listing hurts an organization's chances of being found in local results -- and also impairs its ability to promote its local business listing.

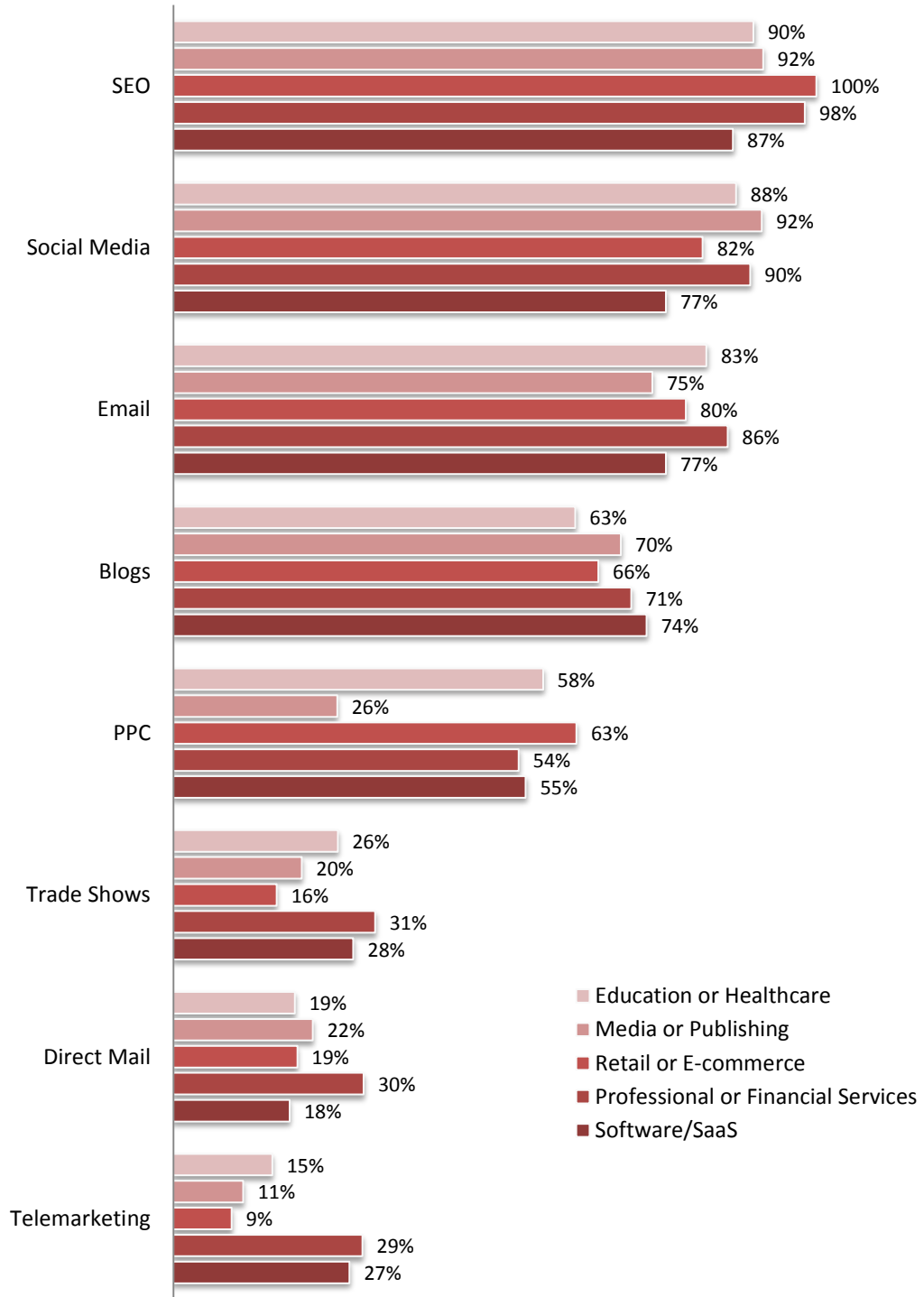**Chart: Organizations claiming local business listing, by PPC maturity phase**
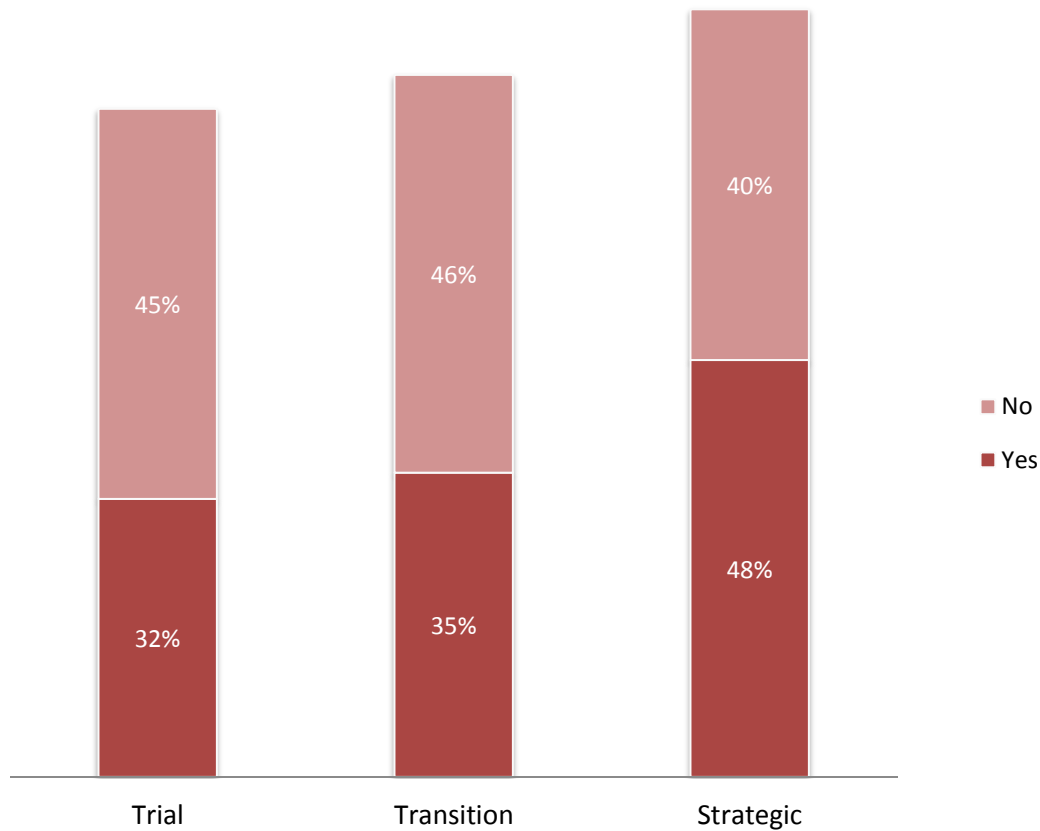
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Strategic organizations lead the pack when it comes to claiming a local business listing. Strategic organizations are 1.5 times more likely than Trial organizations and 1.4 times more likely than Transition organizations to have claimed a local business listing.

Strategic organizations adhere to specific guidelines and procedures for planning and executing PPC campaigns, so it makes sense that this group sees value in adding local business listings to the search marketing mix. Despite the fact that almost half of Strategic organizations have claimed local business listings on search engines, 36 percent still have not. Whether this means they have ruled out local business listings as relevant for their search goals, or have simply not yet prioritized this, is unclear.

Trial organizations, by contrast, follow no process for search programs. Without a strategy in place, it can be difficult to understand how and where local search fits into an organic and paid search strategy.
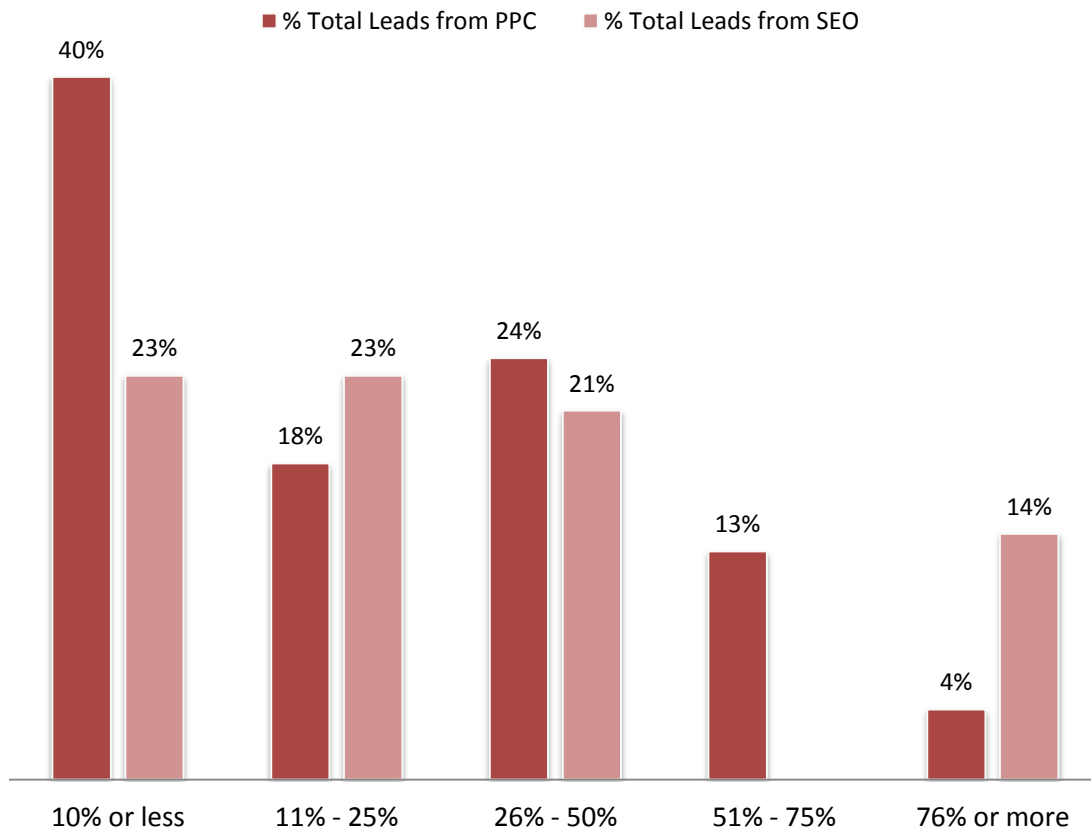
Chart: Organizations claiming local business listing, by primary channel
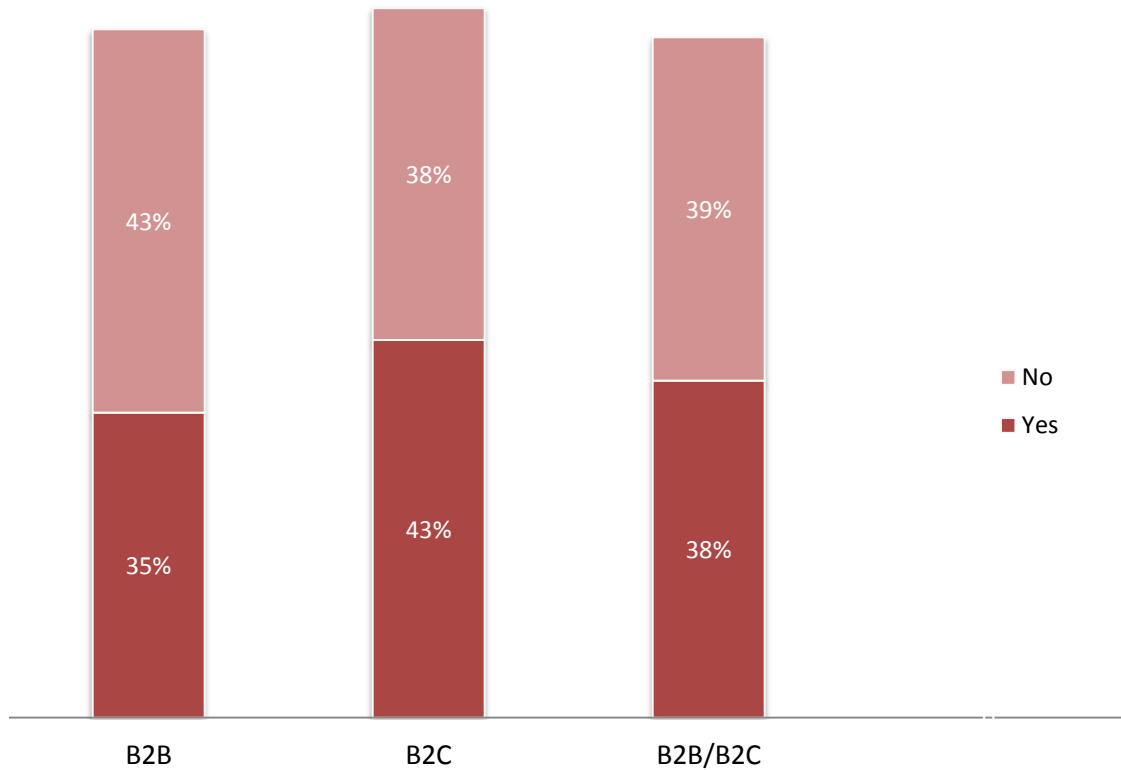
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

An easy first step toward establishing a local online presence is to claim, enhance and customize a local business listing.

Forty-three percent of B2C organizations have claimed their local business listings on a search engine. Only 35 percent of B2B organizations have done the same.

When asked about barriers to adoption, many marketers felt there was limited local searching for their types of solutions. One B2B marketer said, "This does not apply, as we are a national B2B-only seller."

Others referred to lack of time and knowledge as reasons for being unsuccessful or uninvolved with local search. Some explained that they simply did not understand the needs of the local searcher, prompting a need for testing.

Chart: Organizations claiming local business listing, by organization size
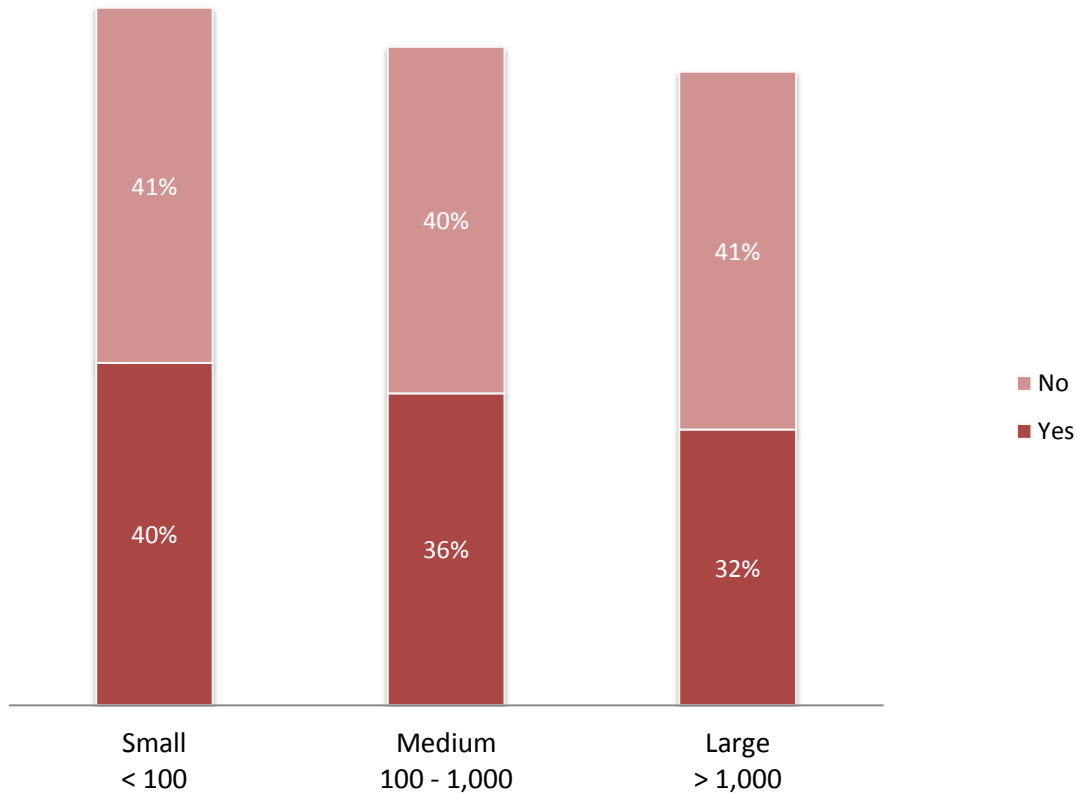
	Small < 100	Medium 100 - 1,000	Large > 1,000
No	41%	40%	41%
Yes	40%	36%	32%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

More small organizations have claimed local business listings than medium and large organizations. Forty percent of companies with less than 100 employees have taken this step, compared to just 36 percent of medium-sized companies and 32 percent of large companies.

In comparison to small and even medium-sized organizations, large organizations often run national marketing programs that are not focused on any particular location. As one marketer put it, "We operate on a multi-national level with a very strong distribution channel, so our local presence is minimal." This may be the case for some, but other large companies do have pockets of concentrated local traffic. For them, local business listings may serve their purposes well.

When adding information to a local business listing, large companies face unique issues. For example, multiple listings may be regarded as spam if they are not set up correctly. To avoid this outcome, companies with multiple locations need to list each location under the same account. Additionally, despite sharing the same company website, each location should link to different internal pages, rather than just the homepage. Each location should also have a unique address and phone number with a local area code. Finally, as with all local business listings, it is important to secure citations and facilitate positive reviews from customers.

Chart: Organizations claiming local business listing, by industry

	Software/ SaaS	Professional or Financial Services	Retail or E-commerce	Media or Publishing	Education or Healthcare
No	47%	41%	43%	44%	40%
Yes	28%	35%	45%	31%	29%

Local search is a great way to attract attention, both online and offline. Retail organizations have claimed local business listings to a greater degree than organizations in other industries. Although buyers enjoy looking for information online, particularly to research and compare, many prefer to purchase locally. This is especially the case when buyers want or need a product immediately.

Across industries, at least 28 percent of all organizations have claimed a local business listing. For marketers questioning the value of pursuing local search, it may prove useful to study what peers and competitors are doing with local business listings.

Chart: Organizations claiming local business listing on search engines and using "local" paid search ads
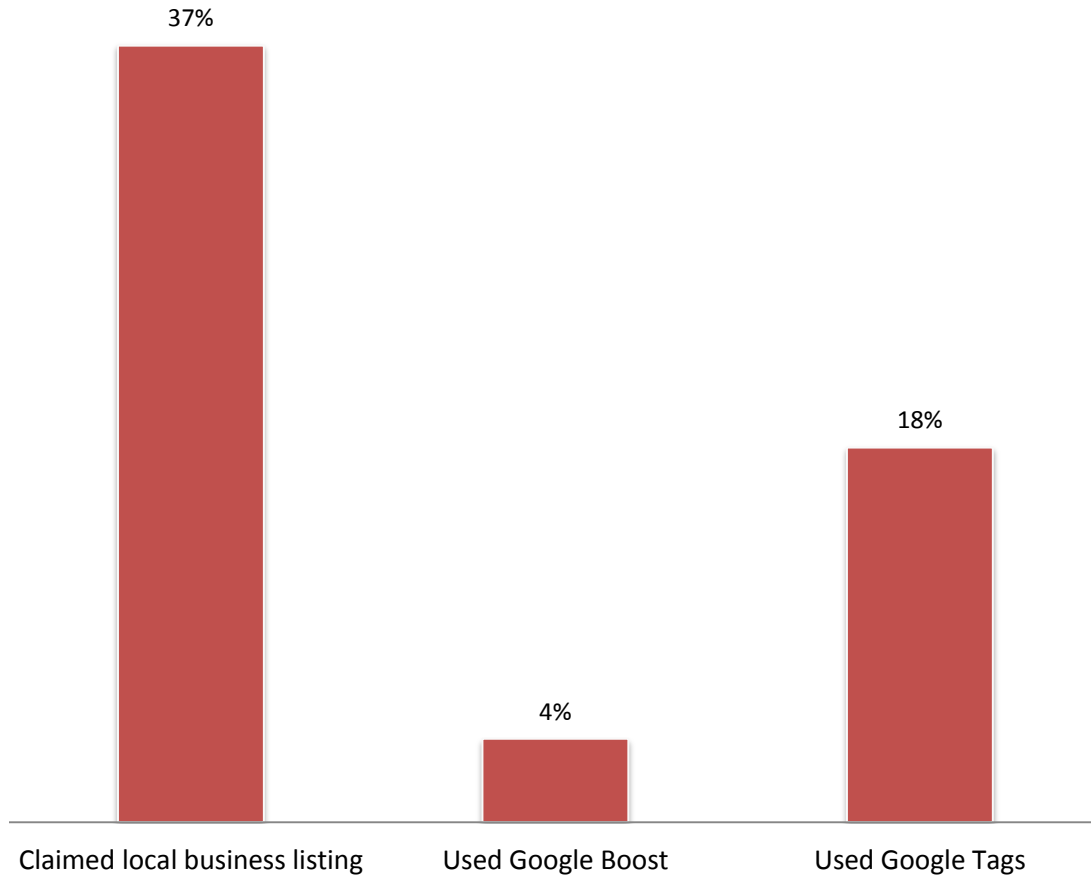
An easy first step toward establishing a local online presence is to claim, enhance and customize the local business listing. Beyond this, setting up local paid search ads helps organizations connect with people who are looking for location-based services by appearing (potentially) in both paid search results and organic local search results.

Thirty-seven percent of organizations have claimed a local business listing, but a much smaller percentage of organizations had used ad capabilities such as Google Tags or Google Boost to help promote local business listings. Although now retired, less than one of every five organizations used Google Tags. For a flat monthly fee, local merchants could make their natural listings stand out a bit with a yellow tag and a few words pointing to offers, photos, menus, or links back to their websites.

Google Boost, a replacement option for Google Tags and now known as AdWords Express, had even less usage. A mere four percent of organizations had used Google Boost. Boost is useful, because rather than linking to a website, an offer, or a menu, Boost highlights some listings information from Google Places such as an address or phone number. Information like this is much more useful, especially in mobile search. Merchants do not want to drive clicks to their websites; they want to drive foot traffic to their stores or calls for their services.

ORGANIZATIONS ARE UNDERUTILIZING AVAILABLE LOCAL BUSINESS LISTING OPTIONS

Chart: Local search tactics used by the 37 percent of organizations with a local business listing

Q. Which of the following local business listing tactics has your organization used for local search?

Reintroduced as AdWords Express

Google Tags — 47%
Google Boost — 11%

Phone number included with listing — 81%
Listing description optimized with target keywords — 60%
Images added to listing — 48%
Listing enhanced with custom details — 48%
Listing associated with a range of related business categories — 43%
Videos added to listing — 20%
Coupons added to listing — 16%
Mobile coupons added to listing — 5%
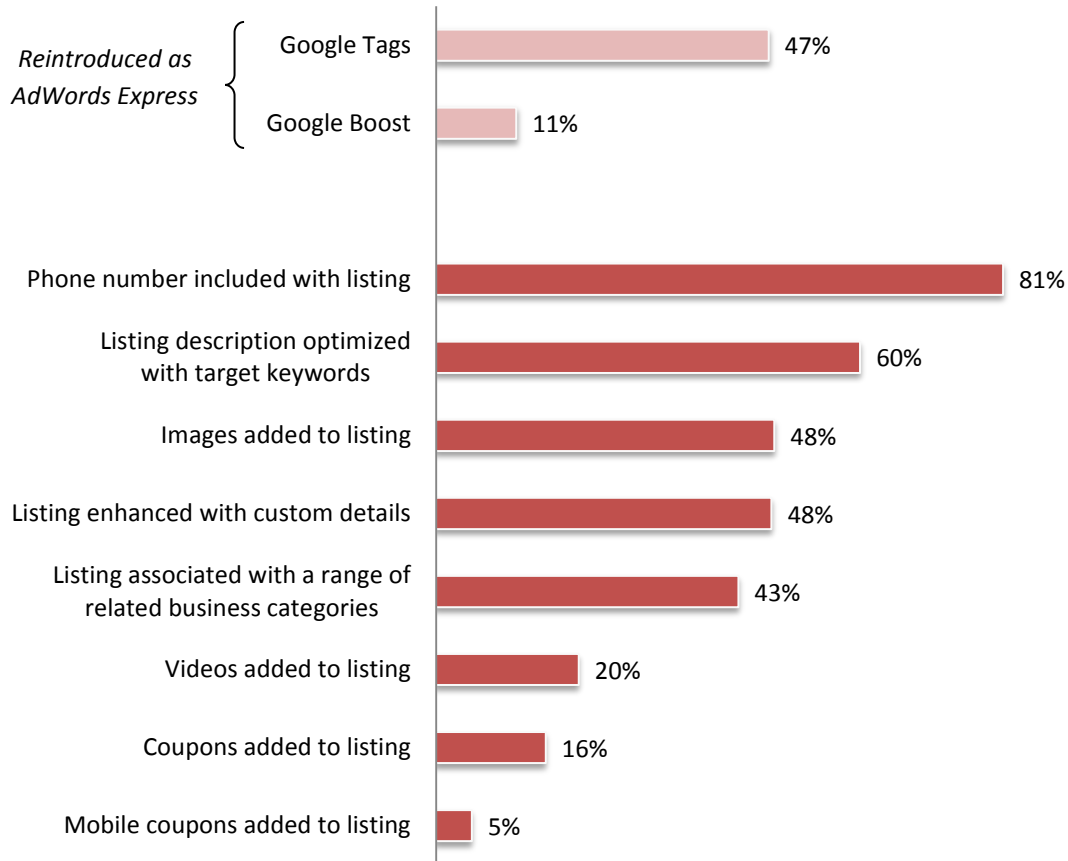
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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

As seen in the preceding chart, 37 percent of organizations have claimed a local business listing. An even smaller percentage are taking full advantage of the available options for local business listings, such as using local business listings in PPC advertising through programs like Google Tags and Google Boost (both recently incorporated into, and reintroduced as, AdWords Express).

Programs such as Google Boost often are set up to drive a searcher back to the local business listing (e.g. Google Places Page), so optimizing the local business listing is just as important as running the sponsored ad. The vast majority of organizations with a local business listing, namely 81 percent, do include a phone number. Stopping there, however, is about as effective as a phone book listing. Only 48 percent of organizations enhance their basic listings with images or custom details – great opportunities to personalize a listing. In a similar vein, only 20 percent of organizations have added videos to their listings. Offering coupons lags the most in usage. Only 16 percent of organizations with a local business listing offer coupons, with just five percent featuring mobile coupons.

Chart: Tactics used by those with local business listing, by PPC maturity phase

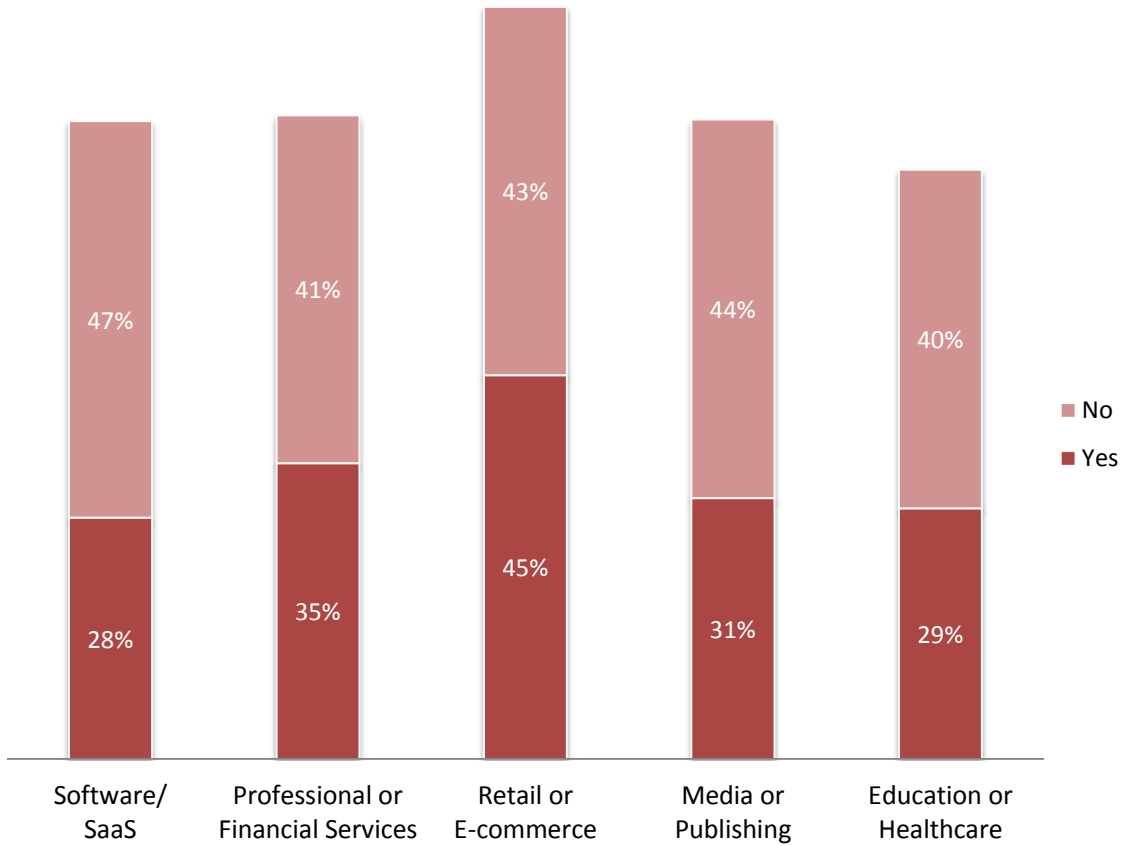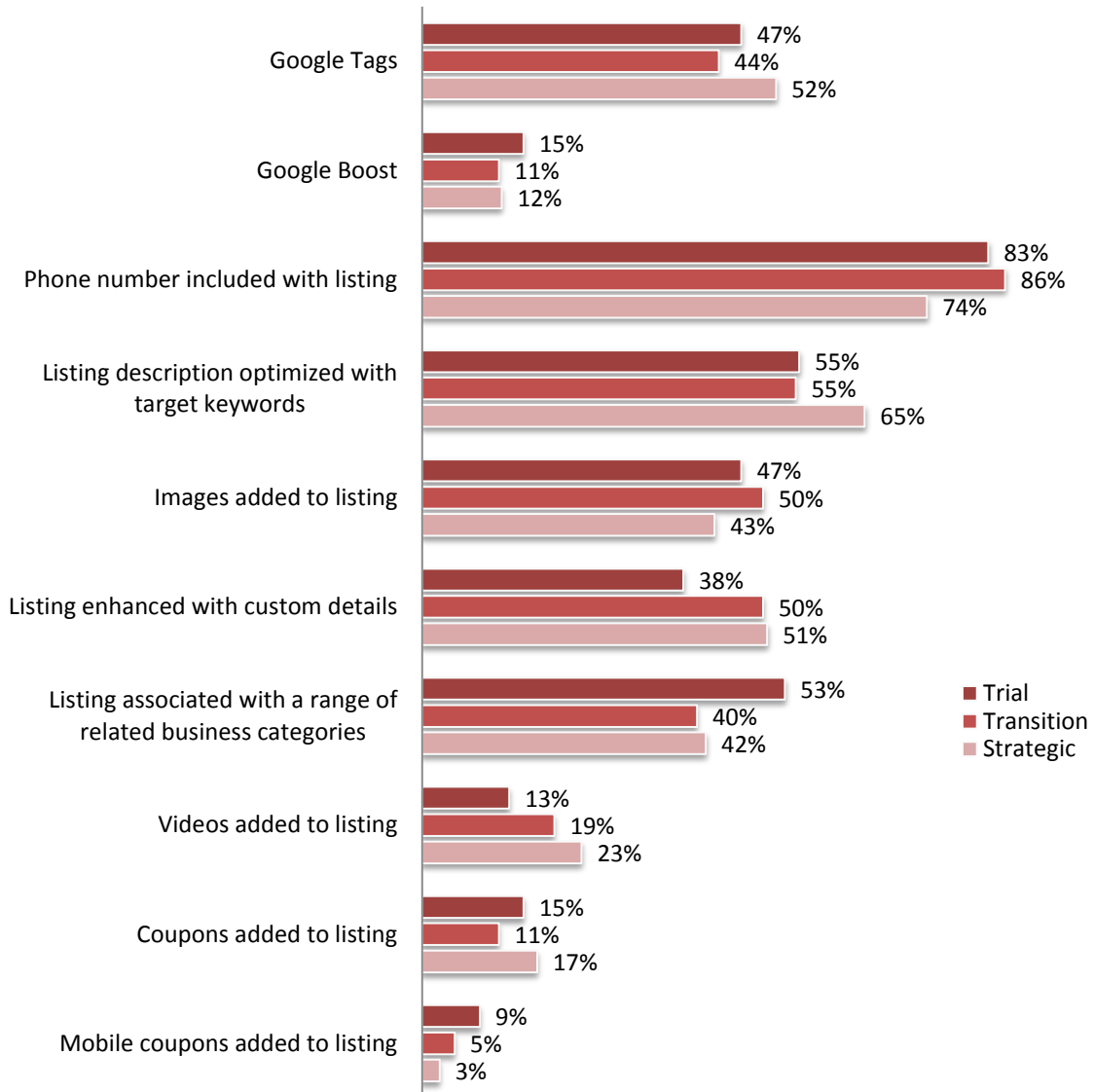| Tactic	Trial	Transition	Strategic
Google Tags	47%	44%	52%
Google Boost	15%	11%	12%
Phone number included with listing	83%	86%	74%
Listing description optimized with target keywords	55%	55%	65%
Images added to listing	47%	50%	43%
Listing enhanced with custom details	38%	50%	51%
Listing associated with a range of related business categories	53%	40%	42%
Videos added to listing	13%	19%	23%
Coupons added to listing	15%	11%	17%
Mobile coupons added to listing	9%	5%	3%

Legend: ■ Trial ■ Transition ■ Strategic

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Strategic organizations are the most active with their local business listings. Although many tactics are still underutilized, a greater percentage of these organizations try to use more to improve the relevancy and appeal of their local business listings.

In terms of Google Tags and Google Boost usage (which may be an indicator of AdWords Express usage today), Strategic organizations were slightly more involved with Google Tags than the organizations in the other phases, whereas a greater percentage of Trial organizations had used Google Boost. Trial organizations sometimes try out "the latest and greatest;" therefore, at the time of this survey, a greater percentage of them may have turned to Google Boost as a paid local search tactic.

Chart: Tactics used by those with local business listing, by primary channel
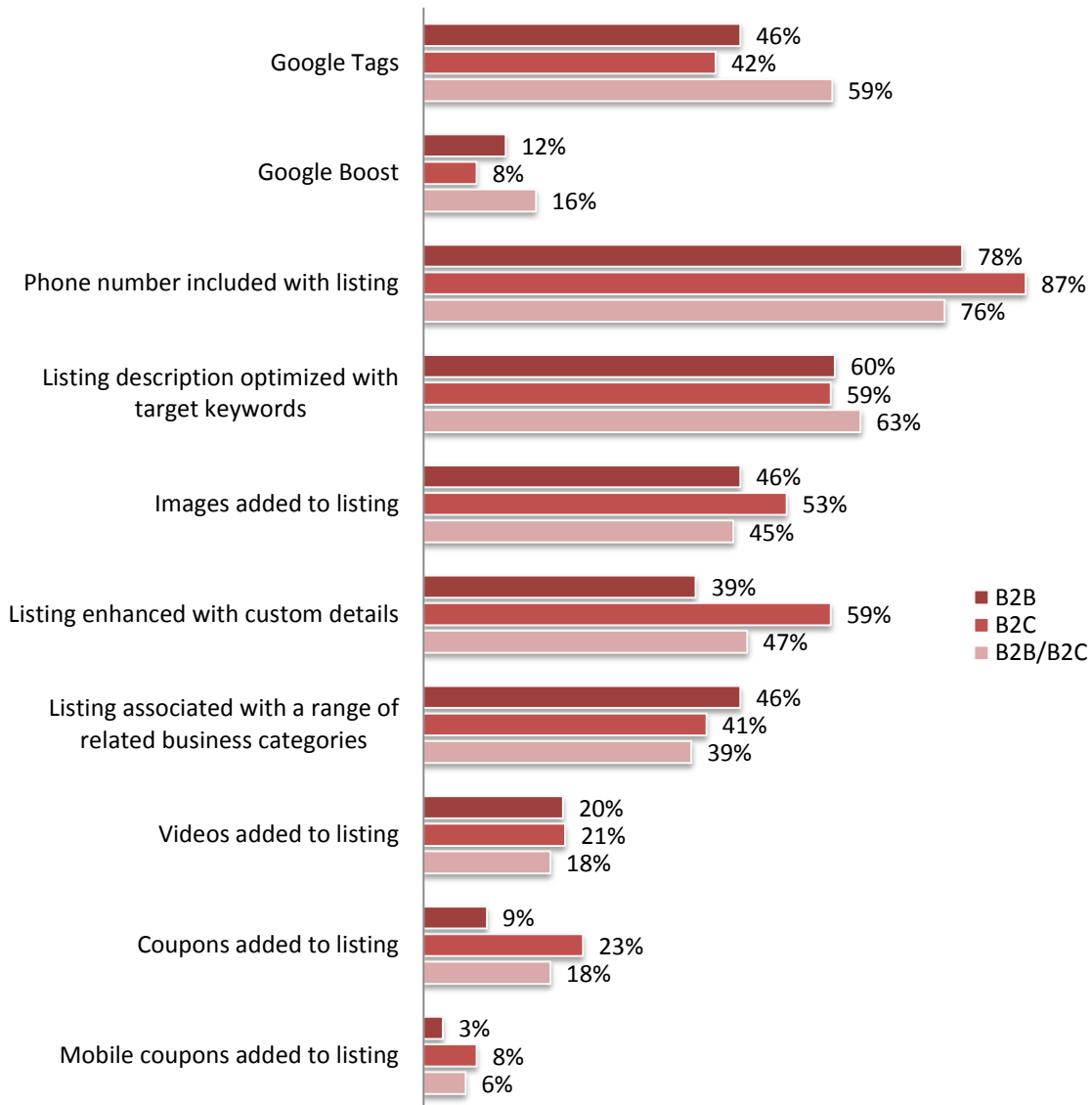
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Organizations with both business and consumer channels had the highest usage levels of Google Tags and Google Boost, key tactics for enhancing the visibility of one's business on Google Places, Google Maps and mobile Google apps. Interestingly, B2C companies were not the second-most active with these tactics, despite a perception that local search is better suited for B2C marketers. B2C organizations did stand out, comparatively speaking, by adding images to their local business listings and enhancing them with custom details. These organizations are also more likely to feature coupons in their listings, including coupons for mobile phones.

"Google Maps presence is essential to us." – Marketer insight

Chart: Tactics used by those with local business listing, by organization size

Tactic	Small < 100	Medium 100 - 1,000	Large > 1,000
Google Tags	50%	41%	42%
Google Boost	12%	10%	9%
Phone number included with listing	84%	84%	61%
Listing description optimized with target keywords	59%	65%	61%
Images added to listing	52%	47%	33%
Listing enhanced with custom details	50%	43%	42%
Listing associated with a range of related business categories	44%	47%	30%
Videos added to listing	20%	20%	21%
Coupons added to listing	20%	12%	3%
Mobile coupons added to listing	6%	6%	
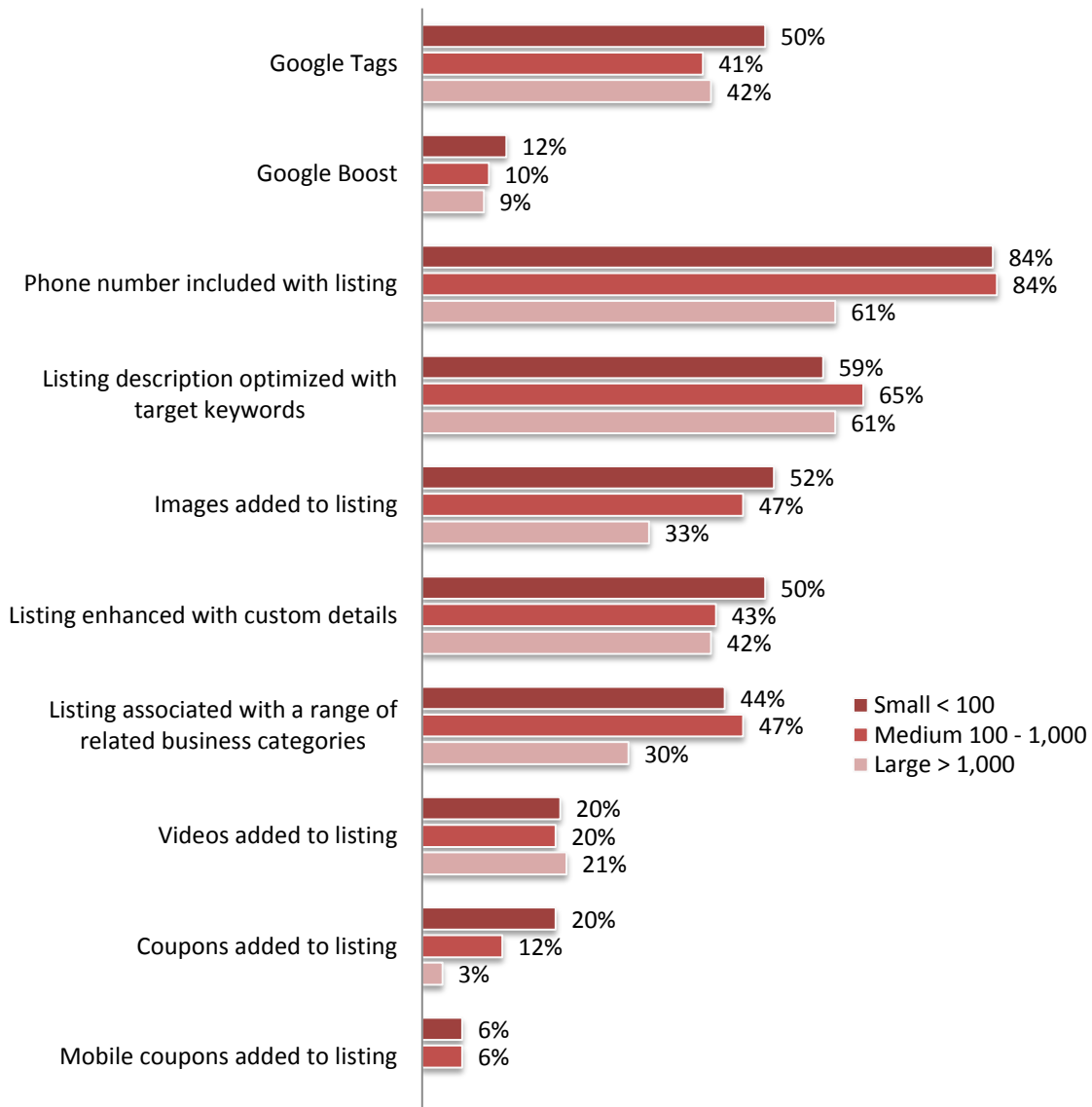
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Half of small organizations used Google Tags, and 12 percent switched to Google Boost. These paid advertising tactics work to help companies boost their visibility and placement in local search results. Across the other local business listing tactics, these organizations were also the most aggressive, comparatively speaking, in their adoption of these.

Medium-sized organizations bested the others when it comes to optimizing listings with target keywords (good for organic search) and associating the listing across a range of appropriate business categories (good for reach).

"We have been successful in exploiting Google map listings on SERPs." – Marketer insight

Chart: Tactics used by those with local business listing, by industry

Tactic	Education or Healthcare	Media or Publishing	Retail or E-commerce	Professional or Financial Services	Software/SaaS
Google Tags	32%	52%	51%	50%	50%
Google Boost	10%	16%		9%	21%
Phone number included with listing	100%	86%	76%	77%	74%
Listing description optimized with target keywords	53%	76%	67%	47%	59%
Images added to listing	63%	52%	57%	38%	29%
Listing enhanced with custom details	37%	38%	61%	50%	41%
Listing associated with a range of related business categories	37%	43%	49%	38%	35%
Videos added to listing	21%	19%	20%	21%	18%
Coupons added to listing	11%	19%	33%	6%	6%
Mobile coupons added to listing	11%	5%	6%		3%

Legend:
- Education or Healthcare
- Media or Publishing
- Retail or E-commerce
- Professional or Financial Services
- Software/SaaS

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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Marketer insights on the challenges of optimizing for local search

Q. Please briefly describe your organization's most significant challenge with optimizing for Local Search.

- Getting leads from local search.

- Having enough time and manpower to monitor the activity and to tweak the local search listings.

- Having more than one address.

- Lack of understanding and funds to hire someone else to do it.

- Lots of competition from other local companies.

- Searching for high-traffic keywords.

- Separating each local market from the (country-wide) website.

- Too many locations in the same geographic area, many of which at the same physical address.

- Volume of our listings and external emerging competitors.

- We have offices all over the world and it's a challenge to try to localize global content.

- Driving search traffic without a physical location.

- Little knowledge so no strategy.

- Our main keywords for our business are very competitive.

- Sheer volume of keywords defined by each geographic area.

- We have training centers in different areas, but as a whole we are not a local company and can't cater to specific areas easily.

- We are a service business covering a large geographic territory. It is difficult to optimize for local search since our office in one city functions as a regional hub. We don't have brick and mortar stores in every city we service.

- Balancing the local search customizations so that it doesn't affect the relevant general search results for global markets.

- We do business in a small state, so it becomes a challenge to optimize for our local town, region or for the entire state. We also do business across the US, so we local optimization is not always a priority for our strategy.

MARKETER INSIGHTS ON SUCCESSFULLY OPTIMIZING FOR LOCAL SEARCH

Q. Please briefly describe your organization's greatest success with optimizing for Local Search.

- Driving local business.

- Increase in mobile traffic and conversions.

- The use of video.

- We sell mostly on a national level, so we use local listings just to reinforce targeted keywords.

- Listing enhancements

- Local relevant keywords are key.

- List the name of the area you are targeting in the ad as people seem to feel more connected to a local company.

- Look at competitor ratings and seeing where they advertise. Get listed on effective local directories.

- We will target our 'category' plus the local city and state keywords. So 'category near city, state'.

- Many sites have a business address on their Web pages. That usually shows the suburb. Consumers most often search by town. We've gotten good SERPs by including the city name in brackets.

- We achieved high rankings for searches where city is mentioned and we try to position ourselves as a "local" provider. This traffic is usually very targeted.

CHAPTER 7: WHEN PAID SEARCH GOES MOBILE

Marketers still have reservations about mobile search. Despite the growing market penetration of smartphones and mobile devices, not to mention the percentage of search queries with a local intent, many organizations still struggle with seeing how mobile search benefits them. For those that do see the promise, developing and implementing systems and programs for it is slow-moving. Case in point: most organizations do not enable and optimize paid search campaigns for mobile devices.

MOBILE SEARCH VIEWED AS HAVING POSITIVE IMPACT ON OBJECTIVES

Chart: Degree of importance mobile search plays in achieving search marketing objectives

Q. How important is mobile search in helping you achieve your search marketing objectives?

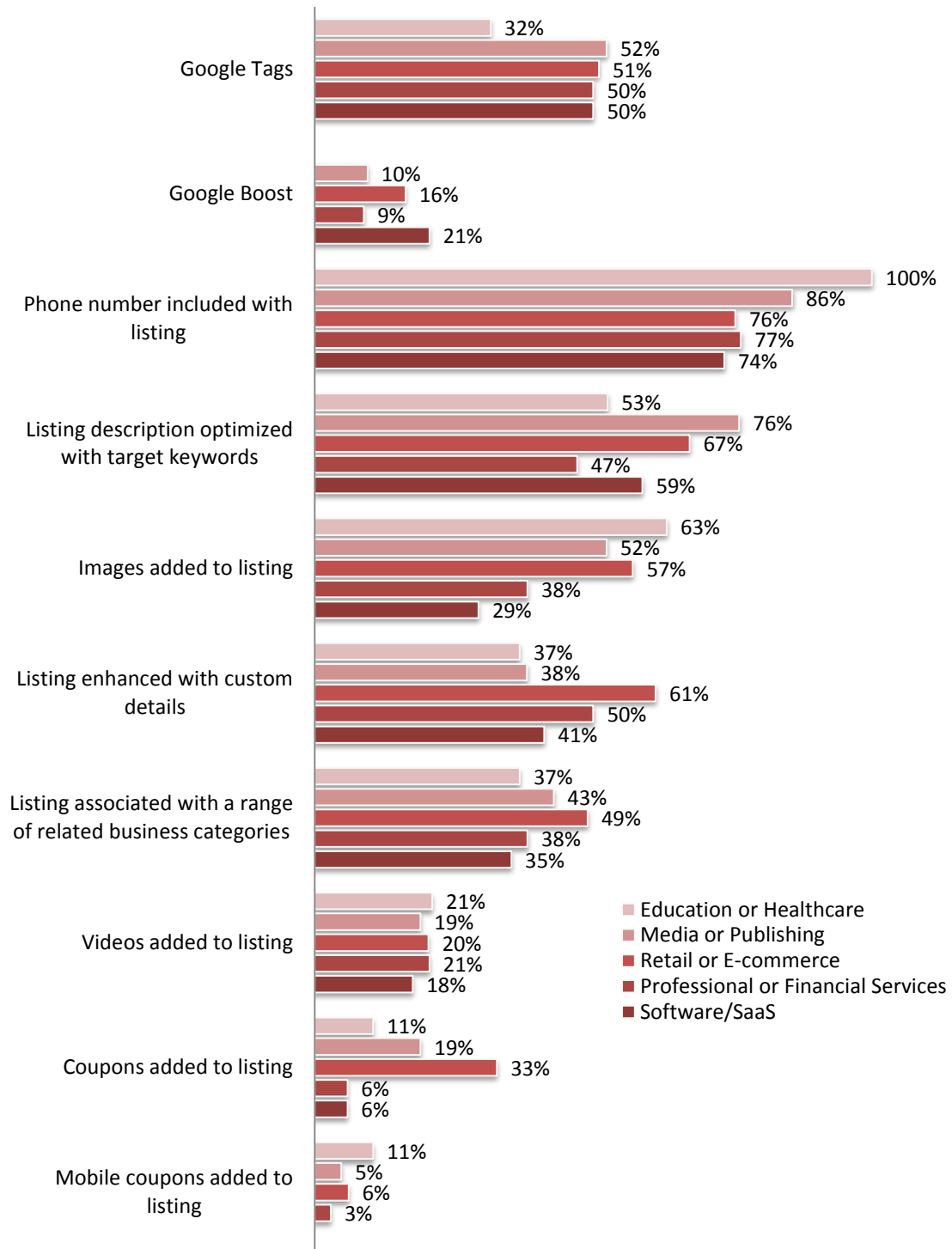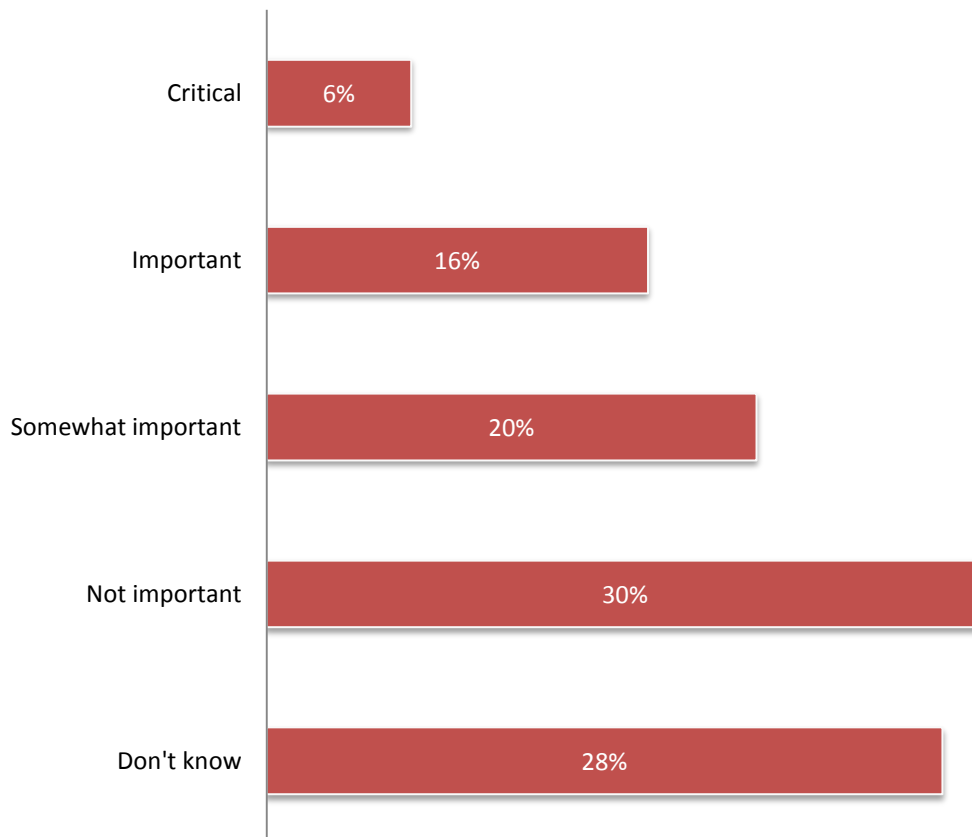| Category	Percentage
Critical	6%
Important	16%
Somewhat important	20%
Not important	30%
Don't know	28%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Mobile search plays a minor role in most search marketing programs. Only 22 percent of organizations rated mobile search as either a critical or important factor in helping to achieve marketing objectives. The majority of organizations view mobile search as either somewhat or not important. Nearly 30 percent were unclear when it came to knowing whether mobile search could help deliver on marketing objectives.

FEWER THAN HALF OF ORGANIZATIONS ENABLE ADS TO SHOW ON MOBILE DEVICES

Chart: Mobile search tactics for PPC are not widely exercised

Q. Which of the following mobile search tactics is your organization currently employing?

Tactic	Percentage
Mobile version of your website	48%
Paid Search campaigns enabled to show ads on mobile devices	42%
Landing pages for mobile users	32%
Separate Paid Search mobile campaigns and ad groups	19%
Mobile-specific messaging, keywords and bids	17%
Click-to-call phone extension in Paid Search ads	16%
Location extension in Paid Search ads	11%
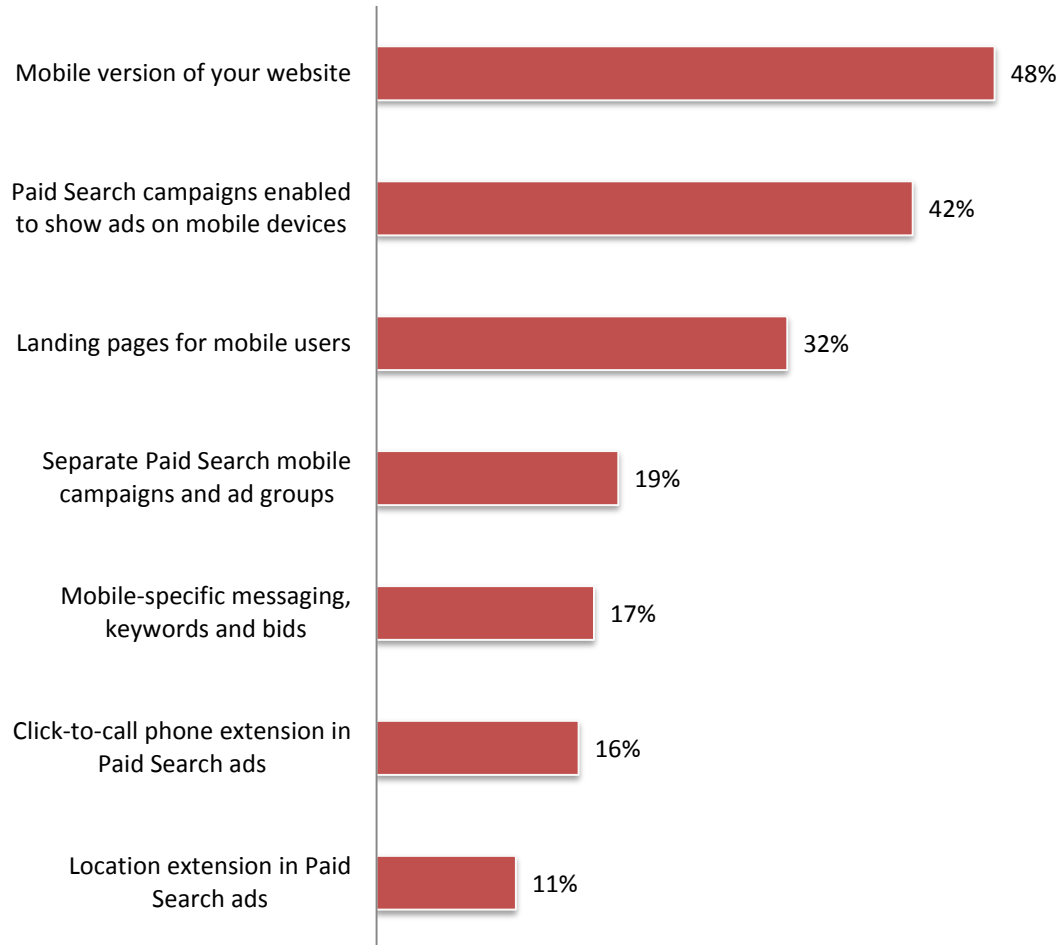
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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Making it easy for searchers to discover businesses via mobile devices opens companies up to new opportunities. Nevertheless, only 48 percent of organizations have created a mobile website – a critical component in creating a positive search user experience.

When it comes to "mobile PPC" specifically, only 42 percent of organizations have enabled PPC campaigns to show on mobile devices. An even smaller percentage have taken the complementary steps involved in optimizing a mobile campaign. For example, only 32 percent of organizations have created landing pages for mobile users, opting instead to use their regular landing pages. Even if these were to "work," not everything about a PPC campaign designed for desktop browsers can be used for mobile. Mobile users behave differently than computer users; therefore, the process for reaching them through search should be different, as well. Nevertheless, just 19 percent have established separate PPC mobile campaigns and ad groups, and only 17 percent are using mobile-specific messaging, keywords and bids.

Chart: Usage of mobile search tactics for PPC, by PPC maturity phase
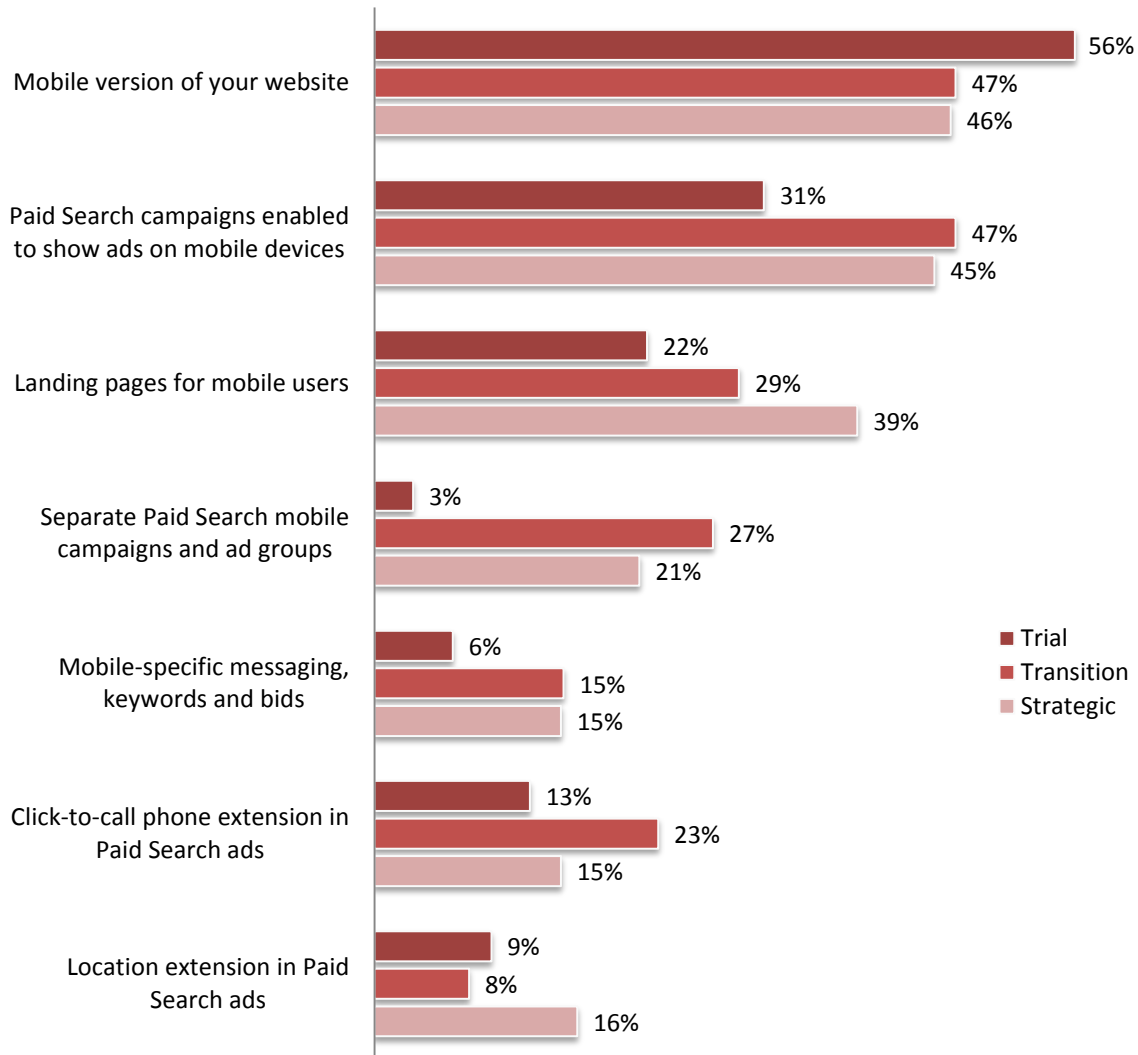
Tactic	Trial	Transition	Strategic
Mobile version of your website	56%	47%	46%
Paid Search campaigns enabled to show ads on mobile devices	31%	47%	45%
Landing pages for mobile users	22%	29%	39%
Separate Paid Search mobile campaigns and ad groups	3%	27%	21%
Mobile-specific messaging, keywords and bids	6%	15%	15%
Click-to-call phone extension in Paid Search ads	13%	23%	15%
Location extension in Paid Search ads	9%	8%	16%

■ Trial
■ Transition
■ Strategic

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Organizations in the Transition and Strategic phases of PPC management make use of mobile paid search tactics to a greater degree than Trial organizations. Nevertheless, even these organizations have not fully extended the capabilities of PPC into mobile marketing plans (and vice versa). Although 45 percent of Strategic organizations have enabled paid search campaigns to show ads on mobile devices, only half as many have set up separate PPC campaigns and ad groups for their mobile campaigns.

A greater percentage of Trial organizations have mobile websites, but far fewer are using mobile search tactics for PPC. Only 30 percent of these companies have enabled their PPC campaigns for mobile, and 10 percent of those have divided their campaigns and ad groups into separate mobile versus desktop categories. Just six percent make use of mobile-specific messaging, keywords and bids.

"Mobile search is not working for me, even though I am generating traffic. I have a high bounce rate, because I don't have a mobile-friendly version of the website developed." – Marketer insight

Chart: Usage of mobile search tactics for PPC, by primary channel

Tactic	B2B	B2C	B2B/B2C
Mobile version of your website	47%	45%	54%
Paid Search campaigns enabled to show ads on mobile devices	38%	46%	43%
Landing pages for mobile users	28%	35%	35%
Separate Paid Search mobile campaigns and ad groups	11%	30%	15%
Mobile-specific messaging, keywords and bids	6%	21%	28%
Click-to-call phone extension in Paid Search ads	13%	21%	14%
Location extension in Paid Search ads	7%	14%	14%

■ B2B
■ B2C
■ B2B/B2C

B2B organizations are not actively employing mobile paid search tactics as much as B2C and B2B/B2C organizations. Some B2B organizations perceive that B2B buyers are office-based and therefore not searching on mobile devices. However, in today's "always-on" culture, and with the advent of the iPad and other search-friendly mobile devices, research and consideration activities can happen at all hours of the day.

One way for businesses to engage with a mobile audience is with click-to-call phone extensions. Mobile phone searchers often find it easier to call a business than visit a website. B2C companies make the most use of these, with 21 percent adding this option to PPC ads.

Chart: Usage of mobile search tactics for PPC, by organization size

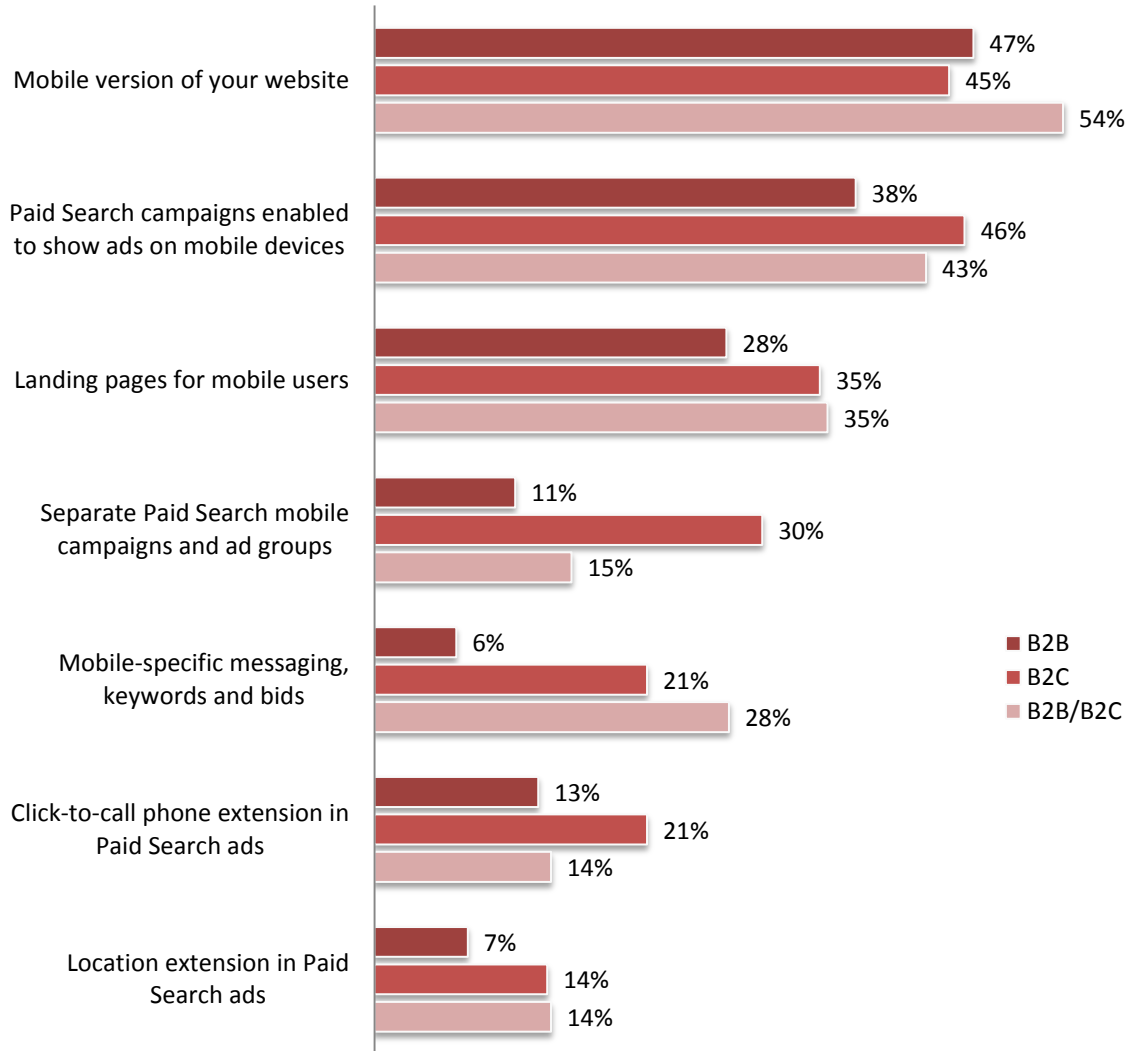| Tactic	Small < 100	Medium 100 - 1,000	Large > 1,000
Mobile version of your website	49%	45%	48%
Paid Search campaigns enabled to show ads on mobile devices	33%	52%	53%
Landing pages for mobile users	30%	40%	31%
Separate Paid Search mobile campaigns and ad groups	13%	17%	33%
Mobile-specific messaging, keywords and bids	12%	16%	30%
Click-to-call phone extension in Paid Search ads	12%	26%	16%
Location extension in Paid Search ads	9%	19%	9%

*marketing*sherpa

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Medium-sized organizations stand out in understanding how mobile search behavior differs from online search behavior and must, as a result, be addressed on its own terms. Forty percent of these organizations have developed landing pages for mobile users. Ensuring that pages are light and quick to load, simple to read, fit neatly into small widths, and require little to no zooming or scrolling are all best practices for mobile landing pages. Pages should also be formatted to work with "click-to-call" features available on smartphones.

Large organizations are the most active when it comes to optimizing their PPC campaigns for mobile. Fifty-three percent have enabled campaigns to show ads on mobile devices. One-third of these companies are also managing mobile PPC campaigns effectively by separating mobile campaigns and ad groups, and by developing mobile-specific messaging, keywords and bids. Approximately 40 percent as many Trial organizations, and 50 percent as many Transition organizations, are doing the same.

Chart: Usage of mobile search tactics for PPC, by industry

Mobile version of your website
- 30%
- 59%
- 46%
- 59%
- 54%

Paid Search campaigns enabled to show ads on mobile devices
- 46%
- 33%
- 52%
- 32%
- 32%

Landing pages for mobile users
- 36%
- 51%
- 24%
- 29%
- 37%

Separate Paid Search mobile campaigns and ad groups
- 12%
- 10%
- 33%
- 29%
- 12%

Mobile-specific messaging, keywords and bids
- 18%
- 21%
- 26%
- 21%
- 10%

Click-to-call phone extension in Paid Search ads
- 21%
- 10%
- 15%
- 21%
- 10%

Location extension in Paid Search ads
- 21%
- 8%
- 13%
- 6%
- 7%

Legend:
- Education or Healthcare
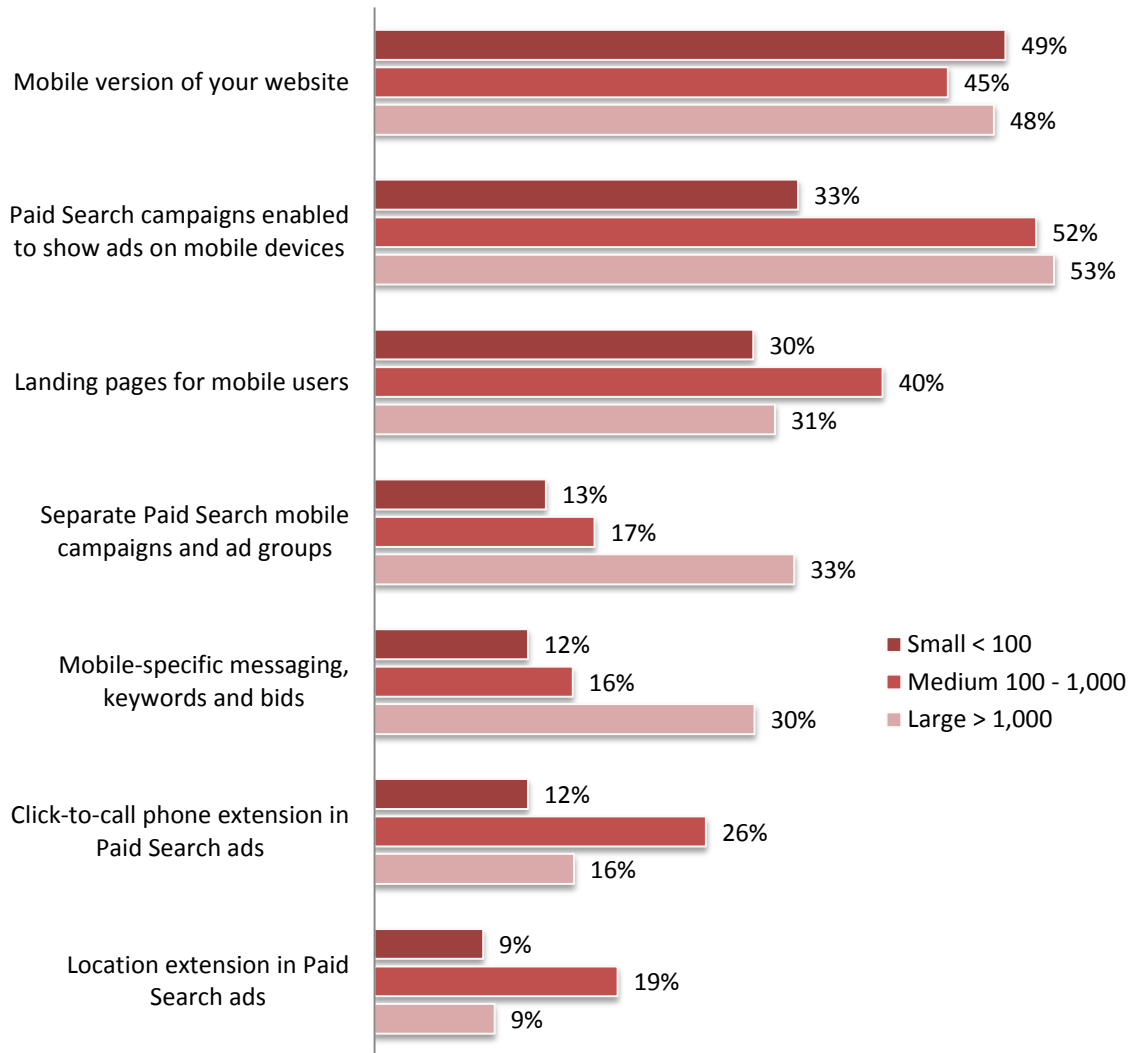- Media or Publishing
- Retail or E-commerce
- Prof or Financial Services

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

More than half of retail and e-commerce companies have enabled their PPC campaigns to show ads on mobile devices. However, like other industries, they do not fully capitalize on available capabilities for reaching a mobile audience. Only 33 percent have distinct mobile PPC campaigns and ad groups, and a mere 26 percent have developed mobile-specific messaging, keywords and bids.

Professional and financial services companies are the most balanced in their attempts to optimize campaigns for mobile. Although just 32 percent of their campaigns are mobile-enabled, a full 29 percent create separate mobile campaigns and ad groups, and 21 percent develop mobile-specific messaging, keywords and bids.

CLAIMING A LOCAL BUSINESS LISTING HAS EFFECT ON MOBILE PPC TACTICS EMPLOYED

Chart: Impact of local business listing on adoption of mobile search tactics

Mobile version of your website — 48% (All), 43% (Those with local business listing)

Paid Search campaigns enabled to show ads on mobile devices — 42% (All), 43% (Those with local business listing)

Landing pages for mobile users — 32% (All), 26% (Those with local business listing)

Separate Paid Search mobile campaigns and ad groups — 19% (All), 20% (Those with local business listing)

Mobile-specific messaging, keywords and bids — 17% (All), 13% (Those with local business listing)

Click-to-call phone extension in Paid Search ads — 16% (All), 23% (Those with local business listing)

Location extension in Paid Search ads — 11% (All), 16% (Those with local business listing)

■ All
■ Those with local business listing

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Mobile search as a tactic operates, in large part, on the premise that on-the-go users are searching for information upon which they can act quickly. To this end, organizations with a local presence would be expected to more heavily adopt mobile search tactics. For the most part, however, this is not the case. For example, 32 percent of all marketers surveyed had created landing pages for mobile users, yet only 26 percent of organizations with local business listings had done so.

Organizations with local business listings had done more with locally focused tactics for use in PPC ads, specifically click-to-call phone extensions and location extensions. Click-to-call features let mobile users bypass a website and go straight to a person with an answer, and 23 percent of all organizations with a local business listing (or 30 percent of B2C and 18 percent of B2B organizations) were using these in their PPC ads. As for location extensions – which are good options for businesses with specific geographic locations that support purchases – 16 percent of all organizations with a local business listing used these, which corresponds to 21 percent of B2B/B2C, and 18 percent of B2C organizations, respectively.

MARKETER INSIGHTS ON THEIR CHALLENGES WITH MOBILE SEARCH

Q. Please briefly describe your organization's most significant challenge with Mobile Search.

- Aligning the needs of mobile users on the landing pages.

- Convincing higher-ups of the necessity of mobile search.

- Defining a strategy and identifying an ROI.

- Finding the resources to learn and implement it.

- Target market hasn't heavily adopted in terms of our market.

- To create mobile-friendly browsing and inquiry forms.

- Tracking of mobile payment conversions and integration into Analytics.

- Deciding what content should be sent to the users.

- Finding time to do the extra work.

- Getting started – too much confusion, too many apps, don't know which direction is best for my industry.

- Traffic quality is poor.

- Learning and adding it into the funnel. Upgrading the site and systems all at the same time.

- Mobile is hot, hot, hot, but taking the time and money to do it successfully in a small non-profit environment is very challenging.

- We are just getting to the stage of creating a mobile platform; we just moved to a transactional site last year and it takes time to continue to evolve.

- Currently we are working on getting our sites working on mobile phones. Once that happens, we can actually get our mobile search campaigns running.

- The CPA is much higher than regular search. Tracking it is much more difficult, because if they call in instead of navigate to site, then PPC doesn't get credit for that sale.

- Our website isn't optimized for mobile browsing, so even if we get people to our site, it doesn't display properly.

- Too soon to tell. So far seeing challenges in terms of different operating systems.

- Better targeting.

- We see mobile traffic increasing but haven't yet made changes to fit this traffic.

MARKETER INSIGHTS ON THEIR SUCCESSES WITH MOBILE SEARCH

Q. Please briefly describe your organization's greatest success with Mobile Search.

- Five percent of traffic and sales now come from mobile devices (including the iPad).

- Experienced huge increase in visits via handheld devices in recent months.

- The only thing we do for mobile is to make sure our regular site is viewable on smartphones.

- None that's measurable other than an increase in traffic from various sources including email and social media.

- We do not do much with mobile search at this point. Only about one percent of our visitors use a mobile device, so we have not seen any need to optimize for it (with the exception of making sure our website shows up appropriately on mobile devices).

- Optimizing mobile website so that all three major platforms have unified messaging and functionality (Blackberry, Android, Apple).

- We just recently launched our services in this aspect. We have not yet experienced actual ROI, but it's been great for lead generation.

CHAPTER 8: SEARCH MARKETING SUCCESS STORIES

CASE BRIEFING: USING SITELINKS TO LIFT CLICKTHROUGH RATES 14%

Abridged How-To ID: HOW31618
Location: MarketingSherpa Member Library
Summary: How Oakley improved paid search performance by piloting Google's Ad Sitelinks program, which provides the option of adding additional links to PPC ads

CHALLENGE

Oakley had found success incorporating paid search tactics on branded keywords with their organic SEO strategies and wanted to determine if Sitelinks would give them even more control over their first page search results.

CAMPAIGN

Oakley took advantage of the four additional Ad Sitelinks format to take searchers deeper into their site.
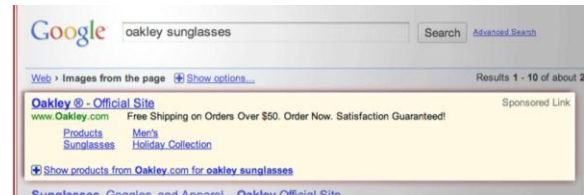
1. *Qualify for the Ad Sitelinks Program.* Google only offers the Ad Sitelinks program to advertisers who meet a "high-quality threshold." (You can check your account settings to see if you fit the criteria.)
2. *Set up Ad Sitelinks.* Qualified organizations can set up Ad Sitelinks in their Google Campaign Settings tab.
3. *Select your Ads.* Google qualifies which ads it will run in Sitelinks. Organizations can select their highest performing ads and specify which links they would like to feature in their ads. Up to 10 additional links can be featured in ads, though Oakley discovered that four links were more manageable. When Sitelinks is triggered, AdWords will automatically select four destinations from an organization's list.
4. *Use Sitelinks to highlight high-performing areas of your website.* Oakley targeted the best-performing areas of their website to quickly direct consumers to their most popular products. They also found success in promoting their seasonal collection.
5. *Track each link's traffic*. Adding tracking tags to their links helped Oakley monitor performance and remove poor performers.
6. *Set benchmarks.* To determine whether Sitelinks was an effective tool, Oakley set benchmarks and monitored performance in a controlled environment by focusing traffic on specific areas of their website.
7. *Use Sitelinks to generate more page-one space for branded keywords.* Oakley found that Ad Sitelinks was a cost-effective means for delivering additional control and traffic on its branded keywords.

RESULTS

After using Ad Sitelinks for two weeks, Oakley noticed a 14 percent higher clickthrough rate on the team's campaign for branded search terms such as "Oakley sunglasses." They also saw conversions jump 8.7 percent on that campaign during the program's first week. By comparison, the team's next-largest campaign, which did not feature Ad Sitelinks, had only a 4.1 percent increase in conversion rate during the same period.

CASE BRIEFING: LEARNING FROM AN UNSUCCESSFUL PPC CAMPAIGN

Abridged Case Study ID: 31882
Location: MarketingSherpa Member Library
Summary: How one hotelier boosted reservations 75 percent by revamping its entire PPC campaign with new landing pages and a new approach to keyword identification and management

CHALLENGE

Heathman Lodge, a specialty hotel in the Pacific Northwest, began an unsuccessful pay-per-click (PPC) ad campaign that suffered from using overly broad keywords and no testing of PPC ad text. Moreover, clicks took visitors to the hotel's homepage instead of to a customized landing page tied to the ad.

CAMPAIGN

Heathman Lodge knew they needed to tighten the management of their entire PPC campaign. Their new approach was based around:

- A complete revamping of their website
- New landing pages tied to the PPC campaign
- Three strategic search areas: Keyword management; uncovering top-assisting keywords; and buying high-performing natural search keywords, including branded keywords.

Identifying the top performing keywords and keyphrases helped guide the content development of the landing pages tied to the campaign. Heathrow Lodge identified the top keywords by looking at clickthrough rate (CTR), conversions in the form of a booked hotel room, clicks, and cost-per-click (CPC). Keywords that weren't contributing to the bottom line were paused.

The team also uncovered five top-assisting keywords that drove the best performance. These keywords did not convert during an initial search query and website visit; however, they assisted when users would return through another keyword at a later visit and then convert by reserving a hotel room.

Heathman Lodge's strategy behind buying the branded keywords was to "own" the search engine results page, as PPC ads appear above organic results and often take up a significant portion of the top-of-page real estate. The team realized that customers did not always book a hotel room on the first visit. If customers found the Heathman Lodge website through a search with general keywords, and later searched the branded keyword of "Heathman Lodge" due to remembering the website from the initial visit, having the branded keyword in the campaign would put their website "front and center" for both organic search and paid search results.

RESULTS

The new PPC effort was exclusively tied to one search engine, tracked via the new landing pages, and kept to just over $500 per month in ad spend for the first four months of the campaign. Prior to the new PPC campaign, PPC ads accounted for just 41 conversions (reservations) and $6,093 in revenue in a month. Four months later, PPC ads were responsible for 105 monthly reservations and $16,040 in revenue.

CASE BRIEFING: USING PPC ANALYTICS TO CAPITALIZE ON DAILY PERFORMANCE TRENDS

Abridged Case study ID: HOW31607
Location: MarketingSherpa Member Library
Summary: How Local.com compiled six months of data to identify date-based trends in their PPC ad campaigns.

CHALLENGE

Online marketer Local.com is one of the largest advertisers on both Google and Yahoo! They recognized that in their business, certain keywords will perform better on specific times of day, days of the week or month, and months of the year. They decided to gather data to see if they could capitalize on these trends.

CAMPAIGN

Local.com followed these steps to capitalize on date-driven trends in their PPC campaigns:

1. *Build and analyze custom reports.* Reliable analytics tools and custom reports are a must if you want to reveal date-based trends. Identify your goals, such as increasing site traffic or conversions, and then cut your PPC information by time-based variables to see if there are any trends your company can capitalize on. If you notice your cost-per-acquisition skyrockets in January, consider cutting down on ad spending during that month. Continually revisit this data to capture emerging trends over time.
2. *Gather sufficient data.* You need to have enough information to make informed decisions. Local.com generally reviews six to ten months of data. Make sure your data isn't skewed by seasonality or other promotions, and that you have statistically significant volume (SEO experts the Rimm-Kaufman Group recommend 50,000 clicks).
3. *Monitor traffic.* Use cookies and other tools to track all visitors to your site, and gather accurate metrics for both immediate conversions and those purchases that resulted from a PPC click several days ago.
4. *Watch out for simple patterns.* When you are looking at your data, keep an eye out for a few common date-based trends. Generally, firms see stronger sales early in the week, though early morning hours perform poorly. Often, people will buy more on payday – the 1st and 15th of the month. You will also most likely observe different customer behavior on the weekends vs. weekdays.
5. *Start with high-impact keywords.* To make the most of date-based trends, focus on your core keyword spends. Start broadly by adjusting bids throughout your account, and then review and adjust individual campaigns.
6. *Carefully test bidding changes.* There are a myriad of reasons for data to vary. Initially, make moderate adjustments to bids. You can come back and revisit your date-based ad spending changes once you see how the smaller changes affect your ROI.

RESULTS

Looking for patterns in searcher behavior, Local.com compiled six months' worth of data and identified date-based trends in their PPC ad performance. Using the information, Local.com was able to change its bidding strategy during the next quarter and "saw some stellar growth almost immediately."

CASE BRIEFING: OUTSOURCING PPC CAMPAIGNS INCREASES CONVERSIONS 400%

Abridged Case study ID: CS31834
Location: MarketingSherpa Member Library
Summary: How Ties.com solved their internal capacity restraints by hiring crowdsourced, pre-vetted SEM experts.

CHALLENGE

Ties.com is an online retailer that exclusively uses PPC for their advertising campaigns. They also face limited resources and a mammoth inventory of over 5,000 products. Without a dedicated PPC team, their keywords and ad copy grew stale, PPC performance was monitored on a piece-meal basis, and they had no way to scale their efforts up to drive sales and maximize the return on ad buys.

CAMPAIGN

Ties.com hired a team of crowdsourcing SEM "optimizers" to execute their PPC campaigns. Here's how they approached the problem:

1. *Assess internal capabilities.* Identify the goals of your PPC efforts and which resources you can dedicate to execute your campaign. When scalability is a serious issue, consider calling in the experts.
2. *Select a crowdsourcing vendor.* Ties.com auditioned their SEM marketing partners with a small initial budget and no contract. They also vetted the "optimizers" based upon their interpretation of Ties.com product strategy and their overall approach to marketing. Once they were satisfied with their success, they dramatically expended their relationship.
3. *Communicate expectations.* Clearly convey the goals of your campaign. For example, crowdsourcing partners should be aware of which products your firm is focused on and what content you want to include. They should also be able to identify your key competitors.
4. *Optimize in real time.* Ties.com's outsourcing company had an efficient website back end that streamlined the process for posting live ads. The optimizers created and approved the copy, then sent it to Ties.com for final approval. Within hours, Ties.com could either approve the ad or provide feedback. Once the ad was finalized (generally less than 24 hours), the ads would then go live to Google or Bing.
5. *Refine the process as needed.* PPC is not a "set it and forget it" tool. Ties.com runs approximately 100 PPC ads that are deep-linked to product landing pages, with eight to nine percent of those campaigns paused at any given time. The firm is in continual communication with their crowdsourcing partners to ensure they have the correct strategies running and are tweaking the ads to improve performance.

RESULTS

Ties.com had two goals: Improve returns on PPC campaigns, and develop a scalable model for their campaigns. After implementing their crowdsourcing strategy, Ties.com's clickthrough rates increased from 1.1 percent to an average of 2.7 percent, the cost-per-acquisition went down by 71 percent, and their highest performing keyword garnered 115,000 impressions over a three-month period. Furthermore, Ties.com's conversion volume from search increased 400 percent. "It's all crowdsourced at this point. We have had phenomenal success with this effort and, frankly, I have restructured my marketing department [around this advertising model]."

Case Briefing: Designing custom landing pages increases leads by 88%

Abridged Case study ID: CS31348
Location: MarketingSherpa Member Library
Summary: How UMass Online improved lead volume and cut costs by creating a template to quickly generate custom landing pages for their PPC ads.

CHALLENGE

UMass Online is responsible for recruiting students for the University of Massachusetts' 90 separate online degree and certificate programs. Unfortunately, the team's PPC program had hundreds of ads driving leads to a single generic landing page. This single landing page was not relevant enough to optimize their PPC traffic, and UMass needed an efficient, scalable solution to create unique pages for each certificate program.

CAMPAIGN

Rather than having one page serve many degrees, UMass Online opted to build several pages that each served a single purpose. Here is how you can apply their lessons from multivariate testing to create a template that quickly generated custom landing pages for their PPC ads:

1. *Review design best practices.* Make sure your new landing pages include features such as a clear headline, compelling copy, minimal navigation and minimal fields on forms. Feature an urgent call to action, use images that serve a purpose and pay attention to your search keywords.
2. *Build a template/page generator.* UMass Online designed a template to generate individual landing pages. This customized certain fields, e.g. the headline and body copy, for each program tied to a PPC campaign. These templates were built and tested in batches, though the website retained its generic landing page for more general "UMass" searches.
3. *Begin by optimizing a single page.* Once your template has generated a library of separate landing pages, boost performance by refining them individually. A/B split and multivariate tests will evaluate the success of your original messaging and ultimately increase conversions.
4. *Apply optimization lessons across all your landing pages.* The lessons you learn from A/B testing a single page can be implemented for all your newly-designed landing pages. Be sure to watch your metrics and continually evaluate which changes have the most direct impact on your bottom line.

RESULTS

UMass Online continues to test and improve their pages, and so far they have been met with a great deal of success. Prior to the template, there were times that a single lead could cost more than $300. Now, custom landing pages generate leads that cost about $22.75, with an average CPL of $26. Additionally, after UMass successfully completed the first round of landing page design and testing, their lead volume per month increased 88 percent and the team's tests on a single landing page increased conversions 107 percent.

CASE BRIEFING: IMPROVING CONVERSIONS WITH LANDING PAGE TESTS

Abridged How-To ID: HOW31670
Location: MarketingSherpa Member Library
Summary: How Closed Loop Marketing utilizes a data-driven approach to test their landing pages and identify which elements will produce the largest wins.

CHALLENGE

Landing pages typically have one purpose – to drive conversions. This should make it easy to test and improve them. But this isn't exactly the case, especially when marketers are looking for easy answers. Closed Loop Marketing has been evaluating pages since the emergence of A/B testing. They focus on identifying which landing page elements will produce the most significant, measurable impact.

CAMPAIGN

Closed Loop Marketing uses this strategy to select the which tests will best improve its page's performance:

1. *Gather relevant data.* Make sure decisions are based on reliable data, not hunches. Gather quantitative data including traffic, click patterns, conversion rates, etc. Also, segment your data by traffic source. Expert opinion and qualitative data from usability tests can can also help identify problem areas.
2. *Identify "low-hanging fruit."* Review your data to see which aspects of your landing pages need the most work. Common indicators to look at include: high bounce rates, irrelevant clicks (those not leading to your conversion goal), conversion road blocks and bad first impressions.
3. *Test intelligently.* Evaluate the potential impact of your tests and concentrate energies on those directly tied to ROI, instead of spending time testing elements that are not direct revenue generators.
4. *Ask "why?"* After your team identifies areas for improvement, research the elements surrounding the data you've identified and root out the causes. Don't be afraid to list several hypotheses and select the strongest contender.
5. *Decide on a solution.* Once your team thinks it understands the problem, it's time to consider potential solutions. Your ultimate solution should be directly tied to your hypothetical cause, and it should be something your team can test.
6. *Run tests and monitor results (and be patient).* It's time to test your landing pages. Make sure that they are statistically relevant by following approved testing protocols and/or using well-established testing software. Use this data to make informed improvements to your landing pages. Then, test again.

RESULTS

Landing page optimization is a process, not a destination. Closed Loop Marketing firmly believes in their strategy as a means to maximize their Web traffic. "People begin to respond to a new interface and form judgments about the site behind it and the credibility about the organization very quickly -- in as little as 1/20th of a second. And the judgments they make in that split second ultimately impact the likelihood they'll transact with that organization."

CASE BRIEFING: REDESIGNING PPC ADS AND LANDING PAGE INCREASES CTR 54%

Abridged Case Study ID: TP1214
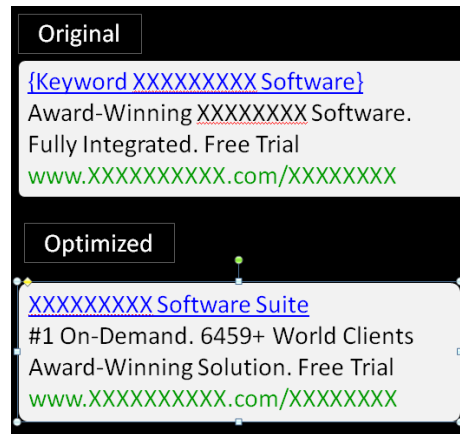Location: MarketingSherpa Member Library
Summary: How a top business software company transformed their lead generation process by radically redesigning their PPC ad and optimizing their lead form.

CHALLENGE

This business software company is a leader in cloud computing software, with a tech savvy client base. They rely heavily on PPC advertising for new sales. They wanted to optimize their entire lead generation process – from the first time a prospect reads their PPC ad, to the final entry in its form submission – to maximize inbound leads.

CAMPAIGN

The company tested conducted an 18-week experiment focused on redesigning their lead generation strategy to accurately communicate its overall value proposition. Here is how they approached this overhaul:

> **Original**
>
> {Keyword XXXXXXXXX Software}
> Award-Winning XXXXXXXX Software.
> Fully Integrated. Free Trial
> www.XXXXXXXXXX.com/XXXXXXXX
>
> **Optimized**
>
> XXXXXXXXX Software Suite
> #1 On-Demand. 6459+ World Clients
> Award-Winning Solution. Free Trial
> www.XXXXXXXXXX.com/XXXXXXXX

1. *Critically review your current PPC campaign.* Look at your current campaign to determine where you are losing prospects. A PPC ad has limited space to communicate its message. Smart marketers make every word count. Is there any redundancy in your ads or wasted space that you could use to communicate new information about your company? Is there a consistent message that ties the PPC ad to the landing page, or are your targets confused once they come to your website? All of these elements work together to form an overall paid search experience. To dramatically increase conversions, make this an easy, seamless process.

2. *Clearly define your primary value proposition.* To make PPC marketing work, you must clearly convey a value proposition to your prospects – what is unique about your firm, and why your ideal prospect should buy from you, rather than your competitors. The most effective value propositions are the ones that can be stated in ten words or less and closely match the motivations of those viewing your ads.

3. *Identify key elements. T*o maximize the appeal of your value proposition to online prospects, focus on the three essential elements of PPC marketing optimization.
   - Appeal: How directly does your value proposition relate to the user's motivations?
   - Exclusivity: What is unique about your offering?
   - Consistency: How believable are your claims?

4. *Include a sub-value proposition.* The goal of a PPC ad is not to sell products. The goal of PPC ads is to get someone to click it. Like a sub-header in an article, the sub-value proposition gives the reader a reason to complete an action (click the ad) by making an immediate promise of value that outweighs the cost of that click.

5. *Test.* Now that you have identified the elements to include in your PPC ad, you need to develop several ad treatments to test out on your prospects. You cannot simply guess which one will most resonate with your audience; you need to test which one people click on the most. During this experiment, the software company tested 16 separate treatments before settling on their final PPC ad.

6. *Connect the ad to the landing page and form submission page.* Once your ideal client selects and clicks on your ad, it is important to that your landing page delivers on your PPC ad's promises. If your ad copy includes a free trial offer, you need to make sure the reader will find a free trial on your landing page. Otherwise, you will lose the sale. If you keep your copy consistent, the user is greeted with your messaging and value proposition throughout the process. These targets experience less friction and anxiety on their path to conversion, and are more likely to become a sale. Marketers do not optimize online ads or Web pages. They optimize thought sequences. By keeping abreast of users and your competition, you will be better prepared to use PPC ads to convey strong value propositions that resonate with your audience.

RESULTS

At the end of the experiment, the business software firm realized some dramatic results. The optimized PPC ad increased their clickthrough rate by 21 percent, taking it from 0.89 percent to 1.08 percent. By seamlessly tying all the content together, the landing page clickthrough rate was 11 percent, an increase of 54 percent.

Finally, the company improved their overall impression-to-lead conversion rate 272 percent. These numbers combined to produce a corresponding 66 percent reduction in the company's cost-per-acquisition, which meant the optimized path produced more than four times the monthly profit in just 16-weeks (or a 302 percent increase.)

CHAPTER 9: AGENCY PERSPECTIVES

When it comes to convincing clients who control agency budgets, perception is everything. And, fortunately for agencies, their clients' confidence in the value of PPC is high.

CLIENT INVESTMENT IN PPC IS DRIVEN BY MEASURABLE ROI

Chart: Client perception of PPC's ability to produce ROI

Q. Which statement best describes how your typical client organization perceives the ability of Paid Search (PPC) to produce a return on investment (ROI) at budget time?
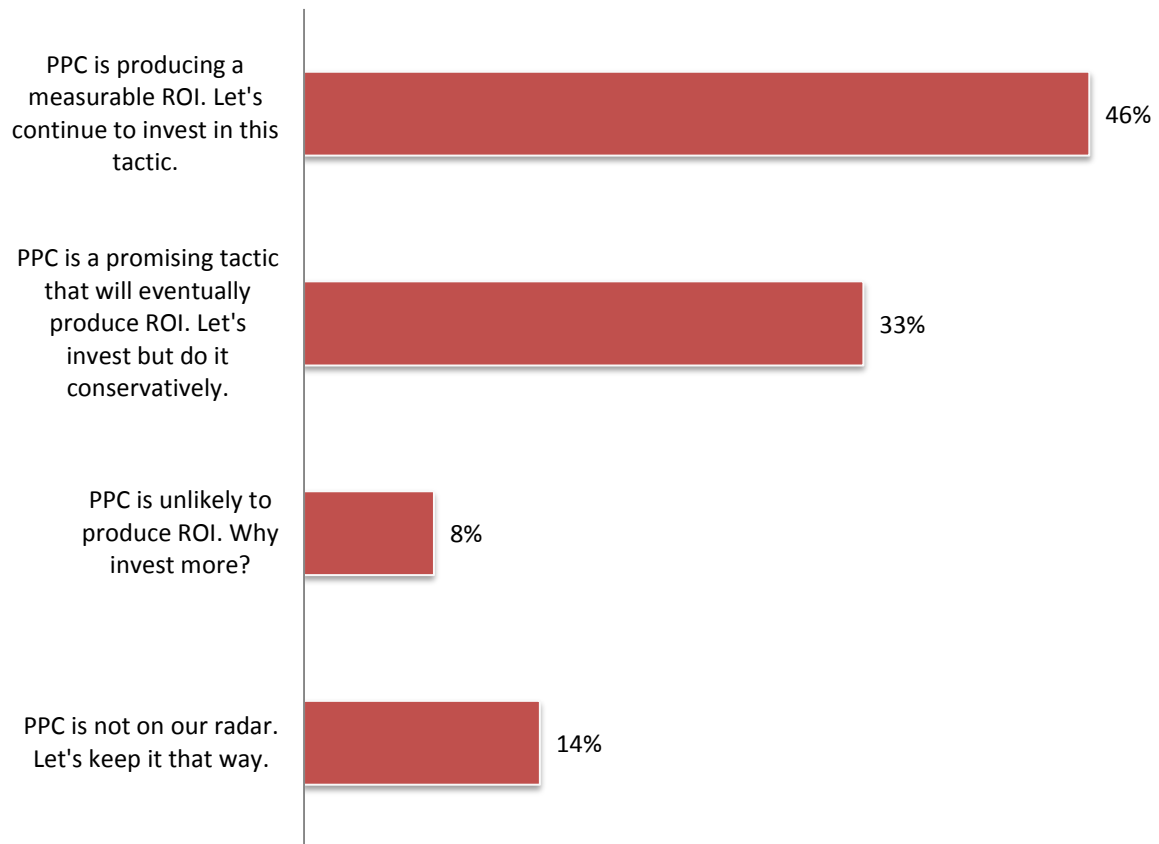
Statement	Percent
PPC is producing a measurable ROI. Let's continue to invest in this tactic.	46%
PPC is a promising tactic that will eventually produce ROI. Let's invest but do it conservatively.	33%
PPC is unlikely to produce ROI. Why invest more?	8%
PPC is not on our radar. Let's keep it that way.	14%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Achieving a return on investment is the gold standard. Marketing programs that deliver results attract more attention and budget dollars, while those that do not are cut loose.

Nearly half of agencies report that their clients experience measurable and repeatable results with PPC, prompting them to invest and reinvest. Other clients see the promise of PPC and are moving dollars in this direction, albeit at a more conservative pace. On the flip side, just over one of five client organizations perceive no value in paid search. Of this group, 40 percent doubt the ability of PPC to generate returns, whereas the rest do not even include this tactic in their set of considerations.

AGENCIES ARE MORE OPTIMISTIC WHEN IT COMES TO PPC BUDGET INCREASES

Chart: Expected PPC budget increases, as rated by agencies and clients

Q. At what rate do you expect your typical client organization's expenditures on Paid Search (PPC) to change in the next 12 months?

Category	Agency Expectation	Client Expectation
Increase > 50%	9%	9%
Increase 20% to 50%	29%	24%
Increase < 20%	23%	17%
No change	28%	34%
Decrease < 20%	2%	3%
Decrease 20% to 50%	1%	2%
Decrease > 50%	1%	3%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Sixty-one percent of agencies expect their client organizations to increase their paid search campaign expenditures in the next 12 months, with two-thirds of these expecting budget increases of at least 20 percent. Agencies are seemingly more optimistic when compared to client organizations, where only half of client organizations expect to add to their PPC budgets.

While an insignificant percentage of agencies expect clients to decrease SEO budgets, 18 percent of agencies expect clients to make no budget changes from last year.

PPC spending by clients of all sizes is increasing as organizations continue to move beyond trial and error to include proven tactics in their SEM planning.

"The key for clients is to get them to invest at the appropriate level." – Agency insight

RELEVANT AD COPY AND HIGHLY TARGETED KEYWORDS CONSIDERED MOST EFFECTIVE

Chart: Effectiveness of PPC tactics, as rated by agencies

Q. Please indicate the LEVEL OF EFFECTIVENESS (in terms of achieving objectives) for each of the Paid Search (PPC) tactics a typical client organization is using.

Legend: ■ Very effective ■ Somewhat effective ■ Not effective

Tactic	Very effective	Somewhat effective	Not effective
Creating relevant ad copy for each ad group	63%	20%	
Creating highly targeted keywords…	62%	22%	
Split testing ad copy	44%	29%	3%
Split testing landing pages	43%	26%	4%
Experimenting with keyword…	32%	40%	6%
Manual bidding for clicks	24%	35%	11%
Ad scheduling	20%	42%	9%
Using the "optimize for conversions"…	19%	34%	11%
Content network or affiliate advertising	16%	38%	21%
Bidding for target position preference	16%	40%	15%
Using the "rotate ads evenly"…	15%	35%	18%
Using the "optimize for clicks"…	14%	37%	15%
Bidding for target Cost per Action	13%	35%	12%
Automatic bidding for clicks	10%	37%	22%

marketingsherpa

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

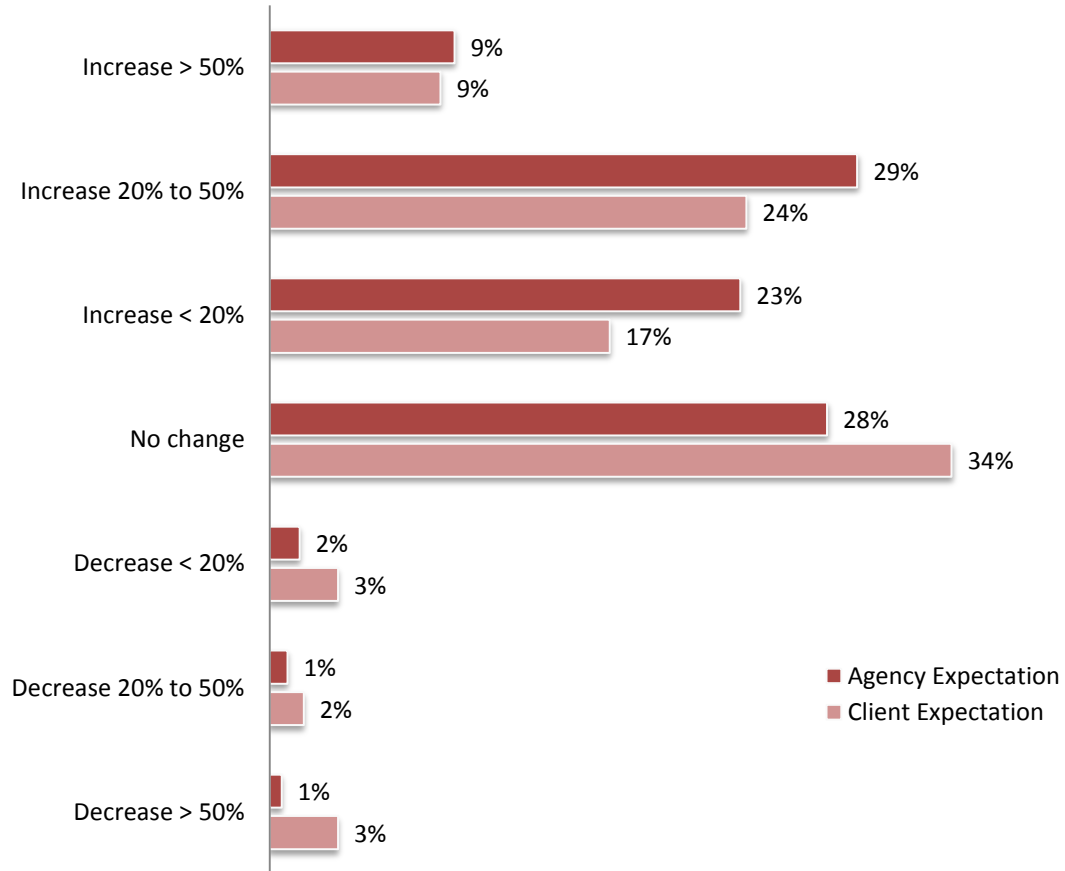Precision is the name of the game when it comes to the PPC tactics that agencies find most effective in achieving their clients' marketing objectives. More than 60 percent state that they find the most success with creating relevant ad copy and tightly defined ad groups. As for testing, as in split testing ad copy or landing pages, 30 percent fewer agencies rate these as very effective.

Content network and affiliate advertising fall into the middle of the pack, with just over half of agencies assigning a favorable effectiveness rating to these options. Some agencies reported successful lead generation outcomes using remarketing campaigns that tracked and targeted users via more aggressive and promotional ad copy.

Agencies and clients agree on most effective PPC tactics

Chart: "Very effective" PPC tactics, rated by agencies and clients

Tactic	Agency Perception	Client Perception
Creating relevant ad copy for each ad group	63%	45%
Creating highly targeted keywords for each ad group	62%	52%
Split testing ad copy	44%	38%
Split testing landing pages	43%	49%
Experimenting with keyword matching options	32%	45%
Manual bidding for clicks	24%	19%
Ad scheduling	20%	15%
Using the "optimize for conversions" ad rotation setting	19%	27%
Content network or affiliate advertising	16%	
Bidding for target position preference	16%	29%
Using the "rotate ads evenly" ad rotation setting	15%	22%
Using the "optimize for clicks" ad rotation setting	14%	20%
Bidding for target Cost per Action	13%	26%
Automatic bidding for clicks	10%	14%

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Methodology: Fielded April 2011, N=1,530

Creating ad groups with highly targeted keywords and relevant ad copy are considered the most effective tactics by agencies. Marketers agree, but to a much lesser extent. These gaps speak to the deep PPC experience agencies gain from working on multiple campaigns, across multiple companies and verticals. In other words, agencies have more opportunities to see which PPC tactics work best for achieving client marketing objectives.

It's interesting to see that marketers also favor some tactics more strongly than agencies. Forty-five percent of marketers believe that experimenting with keyword matching options is a very effective tactic, yet only 32 percent of agencies say the same. Split testing presents another gap in perception. Although a greater percentage of agencies favor testing ad copy, a larger percentage of marketers give preference to split testing landing pages.

30 % OF CLIENT CAMPAIGNS HAVE QUALITY SCORES GREATER THAN 7

Chart: Quality Scores for a typical client organization

Q. What quality score do a typical client organization's keywords typically receive?

Quality Score (y-axis) vs. Percentage of Client Organizations (x-axis):

- 10: 1%
- 9: 1%
- 8: 5%
- 7: 23%
- 6: 8%
- 5: 5%
- 4: 4%
- 3: 7%
- 2: 5%
- 1: 2%
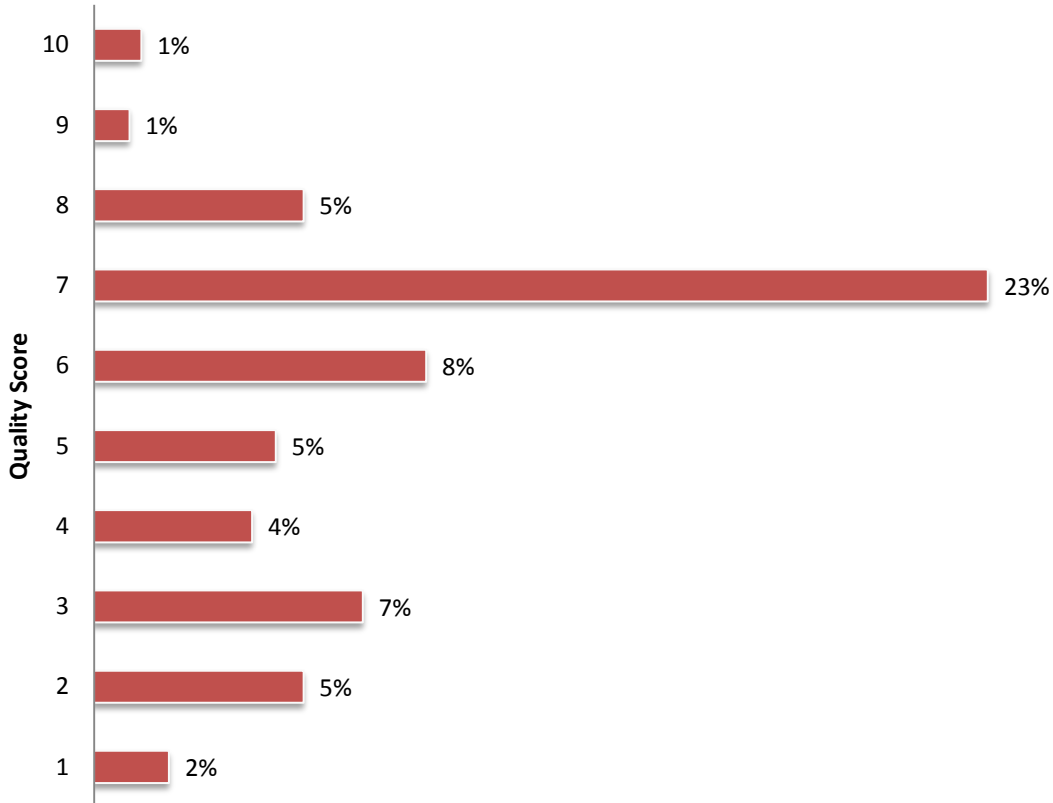
Percentage of Client Organizations

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Quality score is a dynamic variable assigned to each keyword, calculated using a variety of factors. In short, it's a measurement of a keyword's relevance to an ad group and to a user's search query. Having a good handle on these is important, because lower quality scores lead to higher minimum bids, forcing companies to pay more for the same positions.

Agencies' perceptions of the most effective PPC tactics are a direct indication of those that best drive good quality scores and best achieve their clients' marketing and conversion objectives. Naturally using keywords in ad copy and landing pages is a good way to establish relevance and improve scores. Equally important is creating separate high-quality and content-rich landing pages per ad group.

> *"The most effective tactic is to have lots of content on the page with relevant keywords. Grouping keywords tightly into ad groups with proper ad copy will create high clickthrough rates which, in turn, gain high quality scores." –* Agency insight
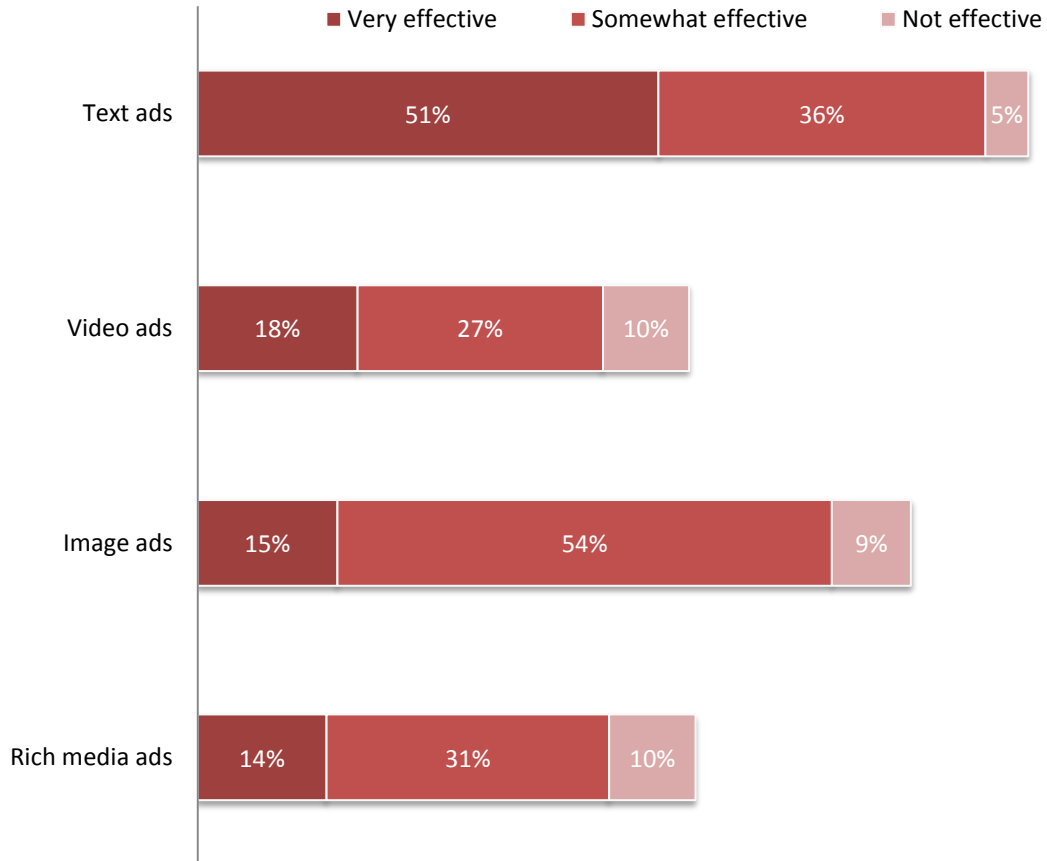
Agency insights on improving quality scores

Q. In your experience, what have you found to be the most effective tactics for improving quality score?

- Simple A/B testing, and continuing to challenge the controls in place (banners, text ads, landing pages).

- Optimization of CTR, expanding keyword lists to more closely match queries, negative match keywords, and statistical analysis of keyword group composition.

- The inclusion of the basic rules of SEO and the production of new and exclusive content on the advertiser's products in "sub-pages" of the landing page has generated a significant increase in clickthrough rates and, in consequence, the decrease in conversion costs. This strategy has worked very well in my AdWords campaigns for advertisers of completely different segments.

- Well-designed landing page to match the keywords in the ad group and one which clearly delivers on the promise made in the ad.

- Making sure that you use the keyword(s) on the landing page. Crafting compelling ads to drive clicks. Testing landing page copy for high conversions.

- Targeted ad groups with specific ads, and always more than two ad options. We measure the ad text, call to actions and see which ads get more clicks. It all begins with effective planning of each and every ad group so they truly are very targeted in keywords and content.

- Ensuring that exact, or closely related, keyword phrases used in ad groups are also on targeted landing pages. Also – got this from a Google AdWords rep – targeting broad-match phrases for several days helped improve QS for some ad groups that initially had low QS.

- Tight keyword and ad groups matched to a landing page created specifically for that keyword group.

- Keywords that address key services needs combined with interactive feedback from clients who purchased in accord with keywords. This helps us adjust our forms of investment. Who takes the bait is the issue.

- Improving keyword relevance and matching; testing and tweaking ad copy; using dynamic keyword insertion to a limited extent.

- Testing landing pages and keyword density along with differing titles and image selection.

- Reducing cost-per-click by targeting ad groups to specific pages that are optimized for that phrase.

- As many keywords as possible embedded in copy without throwing off the flow of copy.

- Relentless split testing of ads and landing pages.

- Continuous optimization focused on conversions.

TEXT ADS OUTPERFORM OTHER AD FORMATS BY A FACTOR OF 3

Chart: Level of effectiveness per ad format, as rated by agencies

Q. Please indicate the LEVEL OF EFFECTIVENESS (in terms of achieving objectives) of each of these ad formats a typical client organization is using.

Legend: ■ Very effective ■ Somewhat effective ■ Not effective

Ad format	Very effective	Somewhat effective	Not effective
Text ads	51%	36%	5%
Video ads	18%	27%	10%
Image ads	15%	54%	9%
Rich media ads	14%	31%	10%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

The majority of agencies surveyed favor text ads as the most effective format for achieving a client's marketing objectives. Text ads offer a number of advantages, as the format is readily offered by advertisers and can be configured to blend in with site content. The downside of text ads is that they can look bland and generic compared to some more elaborate graphical counterparts. To this point, 54 percent of agencies consider image ads to be somewhat effective in achieving a client's marketing objectives. Image ads are visually attractive, and usually larger and easier to see. Because fewer can be displayed on a Web page, a client benefits from a reduced level of competition in the visual field. On the other hand, visitors may be "blind" to image ads, having become conditioned to ignore banners.

A smaller percentage of agencies find video and rich media ads effective, likely explained by how these are still growing in usage. Because these ads are more eye-catching when compared to other formats, they can help a website or business stand out from the competition. Video ads also hold the potential to go viral, which can help clients increase the reach and scope of their advertising without additional expense or work.

Ads on social media sites growing in their effectiveness

Chart: Level of effectiveness per advertising network, as rated by agencies

Q. Please indicate the LEVEL OF EFFECTIVENESS (in terms of achieving objectives) of each of these ad formats a typical client organization is using.

■ Very effective   ■ Somewhat effective   ■ Not effective

Network	Very effective	Somewhat effective	Not effective
Ads on search networks	40%	34%	8%
Ads on social media sites	17%	38%	15%
Ads on display/content/affiliate networks	16%	50%	16%
Ads on social gaming sites	6%	13%	21%
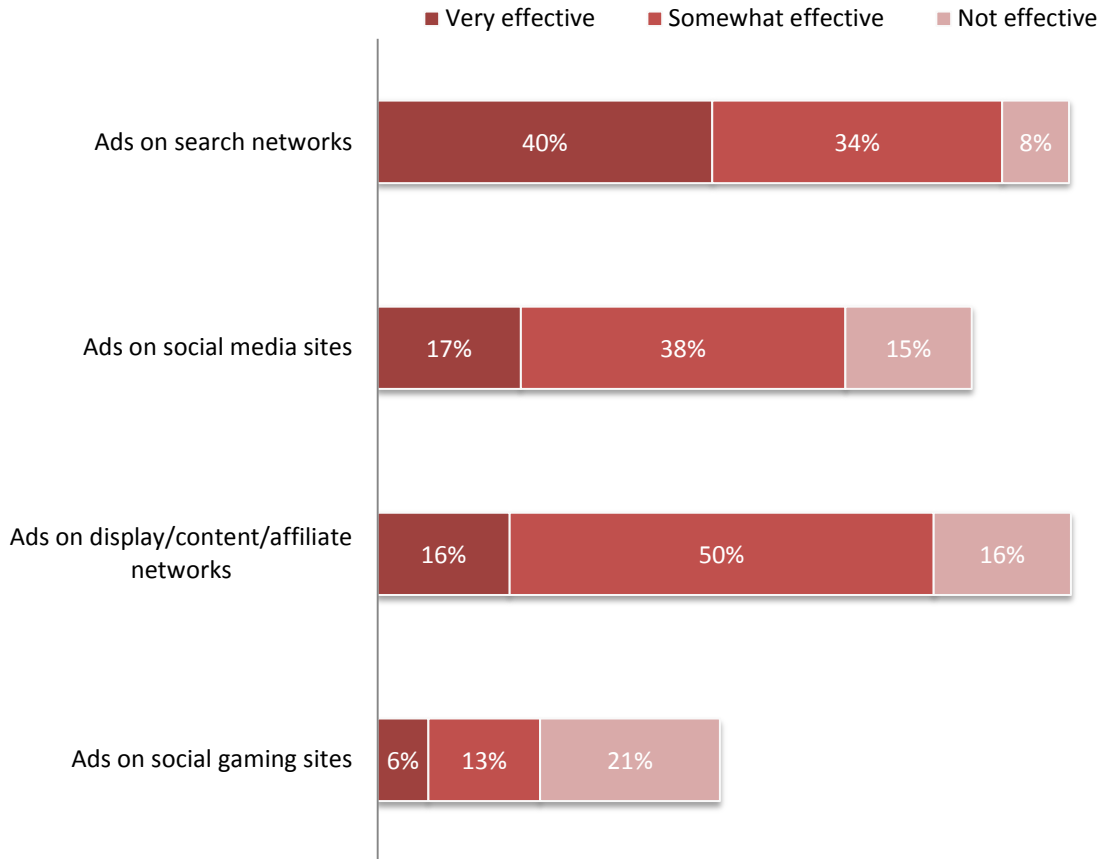
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Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Exposure across various online advertising networks can increase a client's return on investment. More than twice as many agencies state that ads on search networks are very effective, when compared to ads on other networks. The brand impact of ad network use, especially ads on search networks, has proven to:

- Drive brand lift more when using branded terms than generic terms
- Increase purchase intent and likelihood of recommendation
- Counter positive attitudes about competitor brands

"While our clients will keep their investment at similar levels, we are switching away from Google to more targetable PPC options like Facebook and LinkedIn." – Agency insight

AGENCY INSIGHTS ON THEIR SUCCESSES WITH PPC CAMPAIGNS

Q. If your agency has achieved an extraordinary result for a client organization using PPC, please briefly describe the campaign strategy and tactics.

- Properly using the negative keyword feature is very important for a campaign.

- We created ad groups for each of the product lines of an e-shop, we adjusted ad text for ad groups (attractive, with capital letters and call to action) and we used a specific relevant landing page for each group. This keeps bringing results on an ongoing basis.

- We have achieved an ROI improvement of over 30 percent across all clients, all of them in the B2B space. Strategy 1. Keyword clustering 2. Test ad variations using all value benefits 3. Landing page customized to keywords and ads 4. Multi-tabbed landing pages have worked best for B2B clients.

- We increased the clickthrough rate by half and nearly doubled the conversion rate for one client by focusing on high-value content. Keywords were carefully chosen to match the whitepaper and ads tested, but the quality of the final content drove conversions.

- Specific promotional campaigns with discount offers have always worked best for our destination clientele. And designing the appropriate landing page for that visitor who clicks on the ad.

- Very targeted ad which addresses the unique selling proposition and the need of the customer. The simpler the better. Everything else is secondary.

- CPA has helped with lead generation and to demonstrate weekly progress in optimization and efficient delivery.

- We combine aggressive granular PPC management hand-in-hand with complementary SEO to achieve the highest ROI and conversion rates possible for our E-commerce clients.

- We create a lot of ad groups with very targeted keywords and custom landing pages. We A/B test first the ads, taking our best ads as control and building other ads to improve for each ad group. Then we began modifying the landing page content and measuring our best keywords.

- Before starting any campaign, we build out the KPIs, including the cost per lead and cost per sale model. All programs must be built on this structure to be effective. Typically, within six weeks, we will know for sure if a program does not have a solid ROI.

Appendix 1: LPO Benchmark Report Charts

Landing pages and testing are key components of successful PPC campaigns. To provide additional insight into these subjects, we have included the following excerpted reports and commentary from MarketingSherpa's *2011 Landing Page Optimization Benchmark Report: Research and insights on maximizing the ROI of your website traffic.*

Marketers managing online tests don't validate results

We asked marketers – not just a random group, but those who had previously indicated that they were involved in generating a formal design of experiments, calculating the appropriate number of treatments and traffic volume for a test, and/or hands-on operated a testing software platform – how they arrived at statistical validity for their test results.

It is no surprise that the statistical methodology in play may be obscured by the testing and analytics software in a marketer's toolkit. However, we were surprised to find that between one-third and one-half of testing-savvy marketers did not calculate statistical significance at all. This means that even though they test, they determine (and presumably, act upon) a test's winner without solid analysis to support it.

Chart: Marketers' awareness and use of various methodologies to validate test results
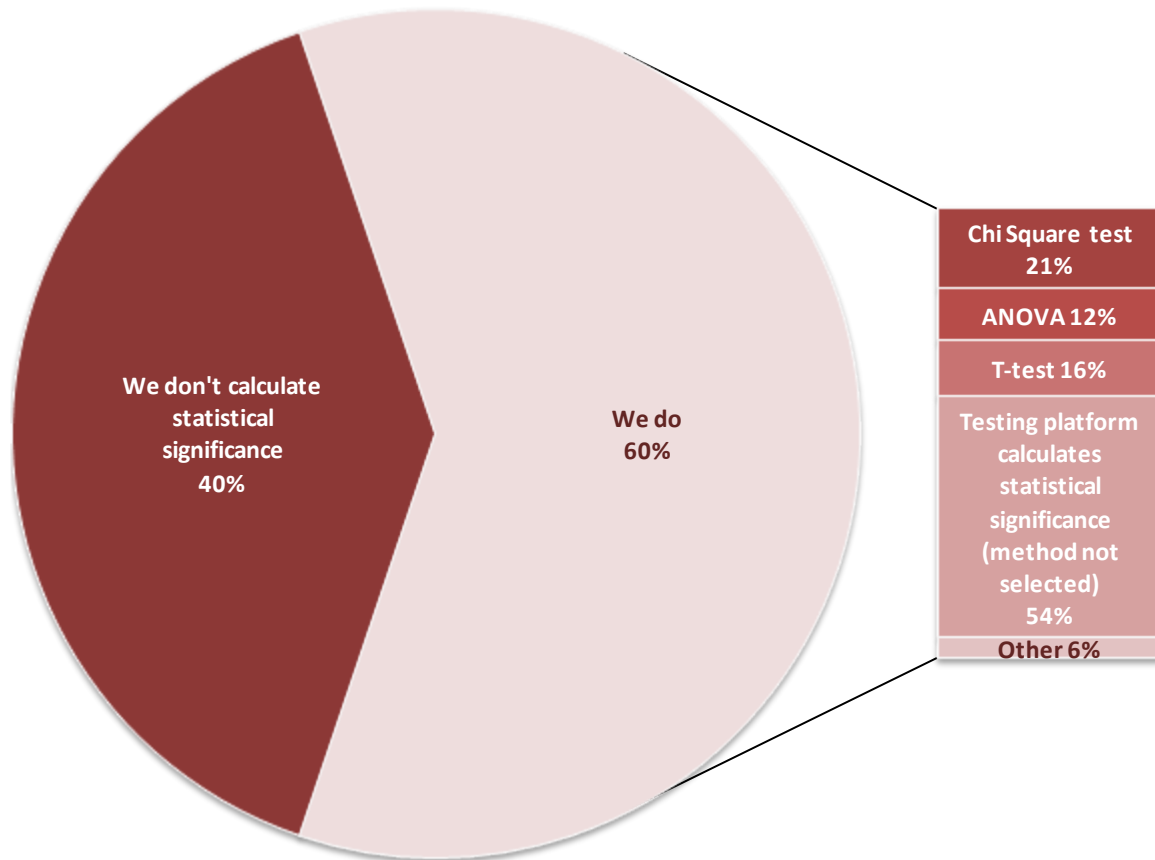
| Chi Square test 21% |
| ANOVA 12% |
| T-test 16% |
| Testing platform calculates statistical significance (method not selected) 54% |
| Other 6% |

We don't calculate statistical significance 40%

We do 60%

Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673

IN-HOUSE EXPERTISE CHALLENGES TO LANDING PAGE OPTIMIZATION IN 2010

Q. 35.0 - What were the in-house expertise gaps that challenged LPO in 2010?

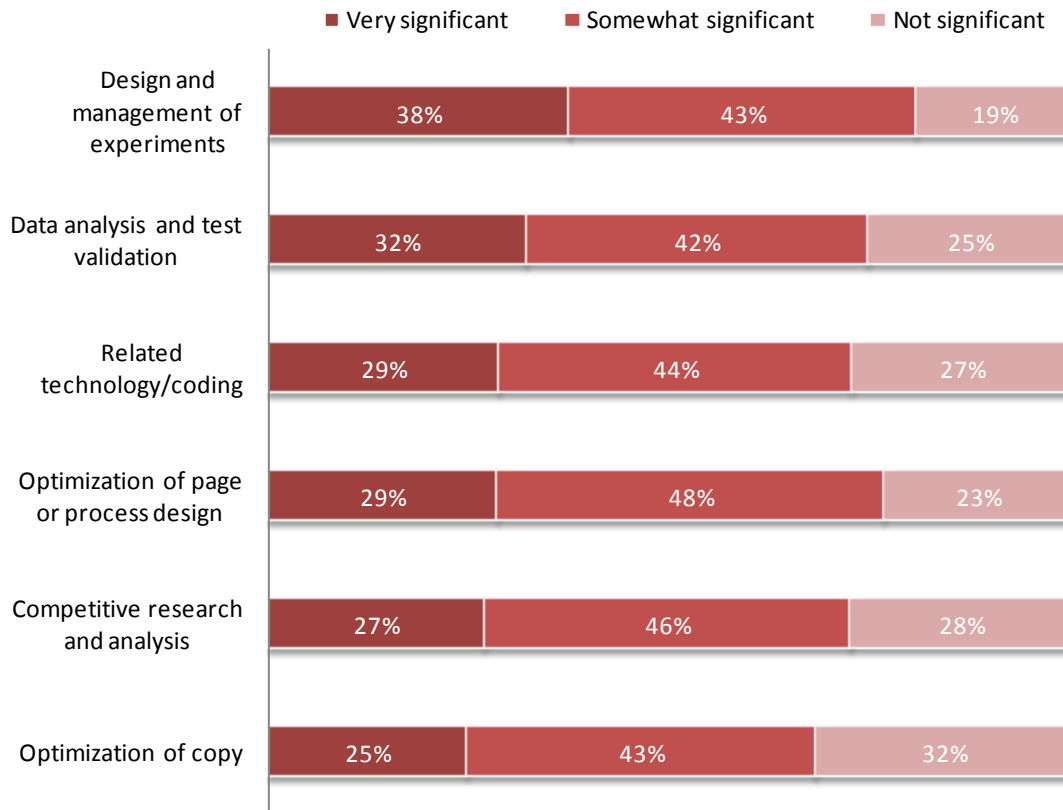**Chart: Key in-house expertise gaps that challenged LPO in 2010**

Legend: ■ Very significant   ■ Somewhat significant   ■ Not significant

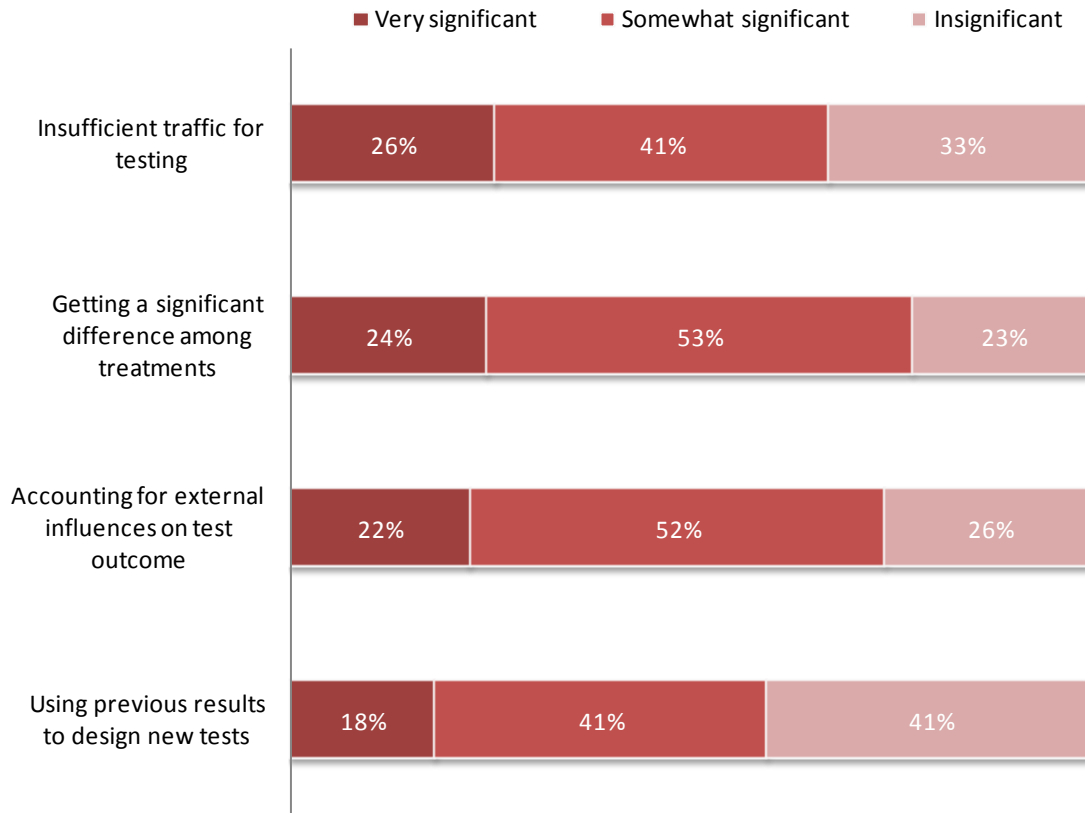| Expertise gap	Very significant	Somewhat significant	Not significant
Design and management of experiments	38%	43%	19%
Data analysis and test validation	32%	42%	25%
Related technology/coding	29%	44%	27%
Optimization of page or process design	29%	48%	23%
Competitive research and analysis	27%	46%	28%
Optimization of copy	25%	43%	32%

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Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673

Not surprisingly, design and management of experiments leads here. Traditionally, the scientific method and statistics are not an area of expertise for most marketers. One could argue that many pick marketing as a major in college to avoid all those math and science classes. Digital marketers that could use design of experiments to power their LPO efforts often come from the more creative background, though not necessarily unaware of the importance of data-driven decision making. As a result of the increased demand for data analysis and design of experiment expertise, specialized educational programs like North Carolina State University's MS in Data Analysis have become increasingly popular.

On the opposite end of the spectrum is the highly mature field of copywriting. While LPO sets its own standards for developing copy that converts, writers that were effective at traditional direct marketing tend to find themselves just as effective writing for websites. As in direct marketing, optimized website copy is objective-driven, and experienced copywriters have recognized this. Objective-driven copy is certainly not necessarily *short* copy, and the celebrated super-long-copy sell pages have been shown to work exceptionally well for certain product and target market categories.

Chart: Top challenges to implementing testing as part of LPO in 2010

Q. 39.0 - Was any of the following a challenge to testing in 2010?

■ Very significant   ■ Somewhat significant   ■ Insignificant

Challenge	Very significant	Somewhat significant	Insignificant
Insufficient traffic for testing	26%	41%	33%
Getting a significant difference among treatments	24%	53%	23%
Accounting for external influences on test outcome	22%	52%	26%
Using previous results to design new tests	18%	41%	41%

Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673

Compared with other challenges, those specifically related to testing methodology appear more likely to be considered "somewhat significant" than "very significant." Perhaps these challenges are perceived as more impersonal and mathematical than the other challenges, which have an organizational and interpersonal communications component – but the same should be true of the data analysis challenges. Perhaps it is because experiencing (or even considering) these challenges likely means having experienced or considered all the previous ones, making these less significant by comparison.

However, *all* these challenges can be damaging to a culture of testing in your marketing organization. Insufficient traffic, as mentioned earlier, requires more sophisticated statistics and potentially a lower level of confidence to validate test results. Otherwise tests may require too much time to be practical, which may not be feasible or palatable to some marketers. The amount of traffic is often outside of the LPO practitioner's immediate control, which may account for the large segment that rated this challenge as "insignificant" – perhaps simply because *their* pages already get plenty of traffic.

Accounting for external influences on experimental setup often goes back to the challenge of coordinating LPO and traffic-generation efforts previously described. Getting a significant difference is certainly preferable, but sometimes knowing that two treatments perform statistically the same can be useful data.

Outsourcing LPO operations and expertise

Chart: Most popular LPO-related services in 2010, according to agency consultants

Q. 6.0 - Which of the following LPO services (whether you provide them or not) were in highest demand in 2010?
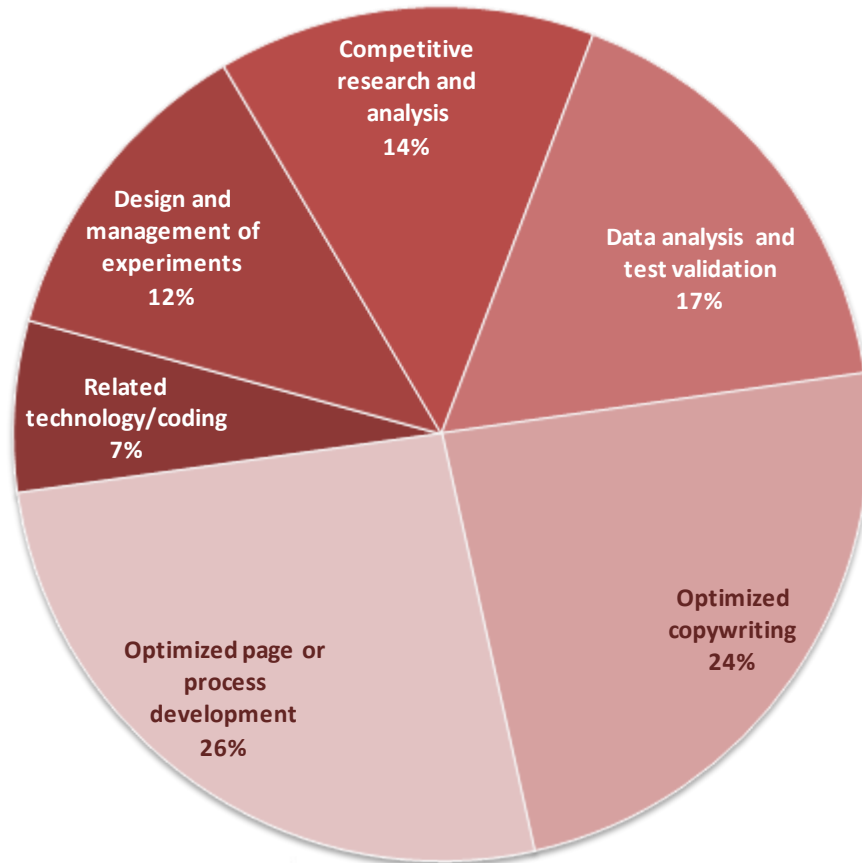
Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673

While internal marketing departments are increasing their LPO expertise, they are also moving as quickly as they can with the expertise and resources already in place. This often means outsourcing the functions that cannot be performed internally, whether due to expertise or operational gaps.

Optimized design and copy appear to be in the highest demand, and may often take the shape of the old "Web design" with the exciting new name of "optimization." However, the picture changes when the amount of outsourcing for each LPO-related function is weighed against the available supply. Nevertheless, the reliance on third parties to develop optimized pages, without any testing, signals both the understanding of the necessity of optimization, and the resistance to the more complex and knowledge-intensive ways of getting there.

Please note that this chart represents level of popularity, rather than actual outsourcing level of the corresponding services.

STAFFING IS A KEY BUDGET COMPONENT RELATED TO LPO

Chart: In-house staff associated with LPO functions grows steadily from 2009 to 2011

Q. 32.0 - Please estimate the number of employees in your organization occupied with LPO since 2009, and going into 2011.

- ■ Part-time or secondary responsibility
- ■ Full-time and primary responsibility

Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673
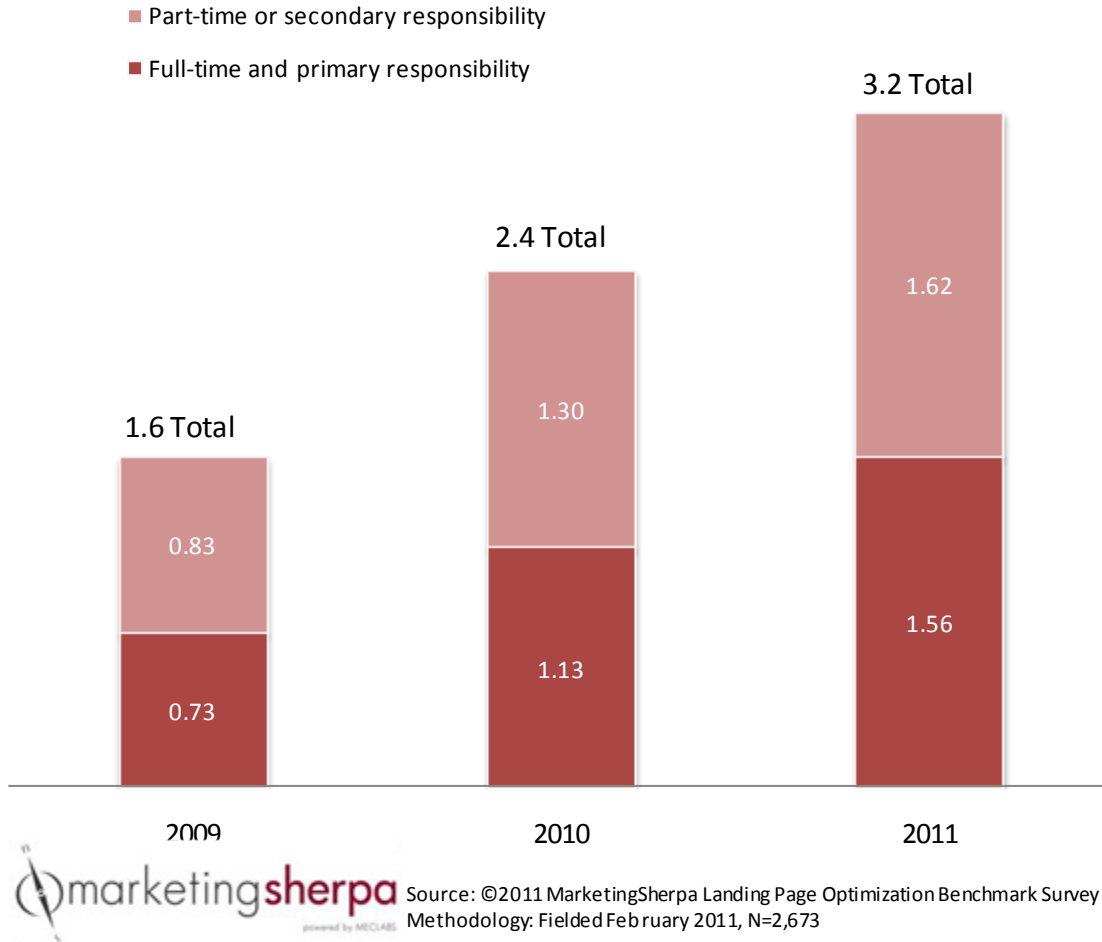
This chart provides a separate count of employees in full- and part-time categories, meaning that for each company, on average, the total LPO staff size is the sum of the two (the figure at the top of each stack). For example, a company in 2010 had on average 1.13 employees with full-time LPO responsibilities *plus* 1.30 employees occupied with LPO only part-time for a total of 2.4.

However, it should be noted that companies with zero employees involved in LPO are significantly *under*-represented in this survey, as they are less likely to respond (or provide you with valuable insights) on LPO. Had they been fully represented, these average figures would have been much smaller. This is likely good news for most readers from the comparative perspective. If you have at least one LPO employee by 2011, you are well in the game.

Chart: Plans to start performing LPO, and to add testing to existing LPO in 2011

If the state of landing page optimization and testing in 2010 is not enough to convince marketers tied down by other priorities (or simply lacking the human resources to implement LPO) to create the necessary capacity for LPO, the chart below should tip the scale.

Among marketers surveyed, those that did not perform LPO in 2010, two-thirds responded that they plan to implement some form of LPO project in 2011. As with the hiring trend, the publicized (and privately shared) LPO successes have been luring ROI-focused marketers to post-click optimization. Moreover, those who performed best practices-based LPO were even more likely to take it to the next level – testing.
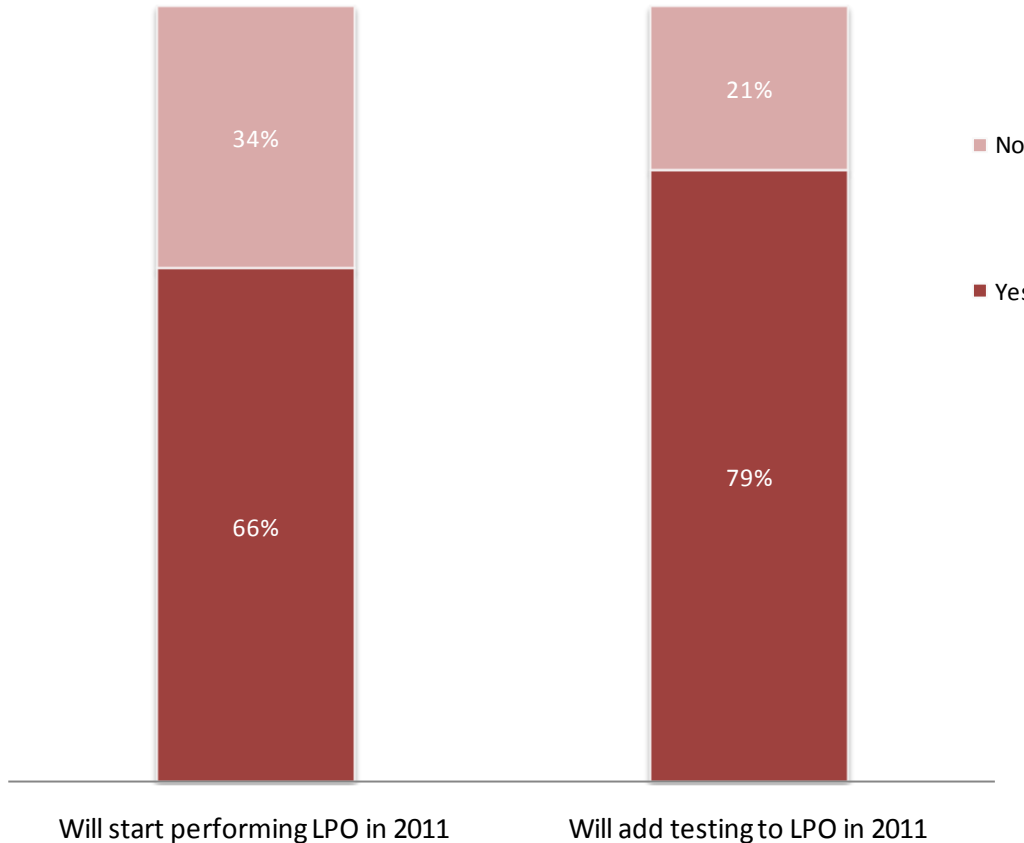
Will start performing LPO in 2011   Will add testing to LPO in 2011

Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673

While LPO based on best practices can provide significant conversion improvements, detecting its effectiveness without testing is not scientifically sound. In the world of best practices, it is easy to fall back on "marketer's intuition," which has been repeatedly undermined by proven test results. Furthermore, best practices are necessarily generic, and require tweaking (if not sometimes wholesale revision) in each scenario. The effectiveness of new changes then can only be evaluated with testing. Marketers dissatisfied with only following best practices in 2010 and ready to take on their competitors by creating their own "best practices" are in the majority, with only 21 percent unable or unwilling to step up.

WEB ANALYTICS AND KEY PERFORMANCE INDICATORS

Q. 21.0 - Which behavioral metrics do you regularly monitor to evaluate and/or improve Web pages/processes?

Chart: Top LPO metrics tracked in 2010

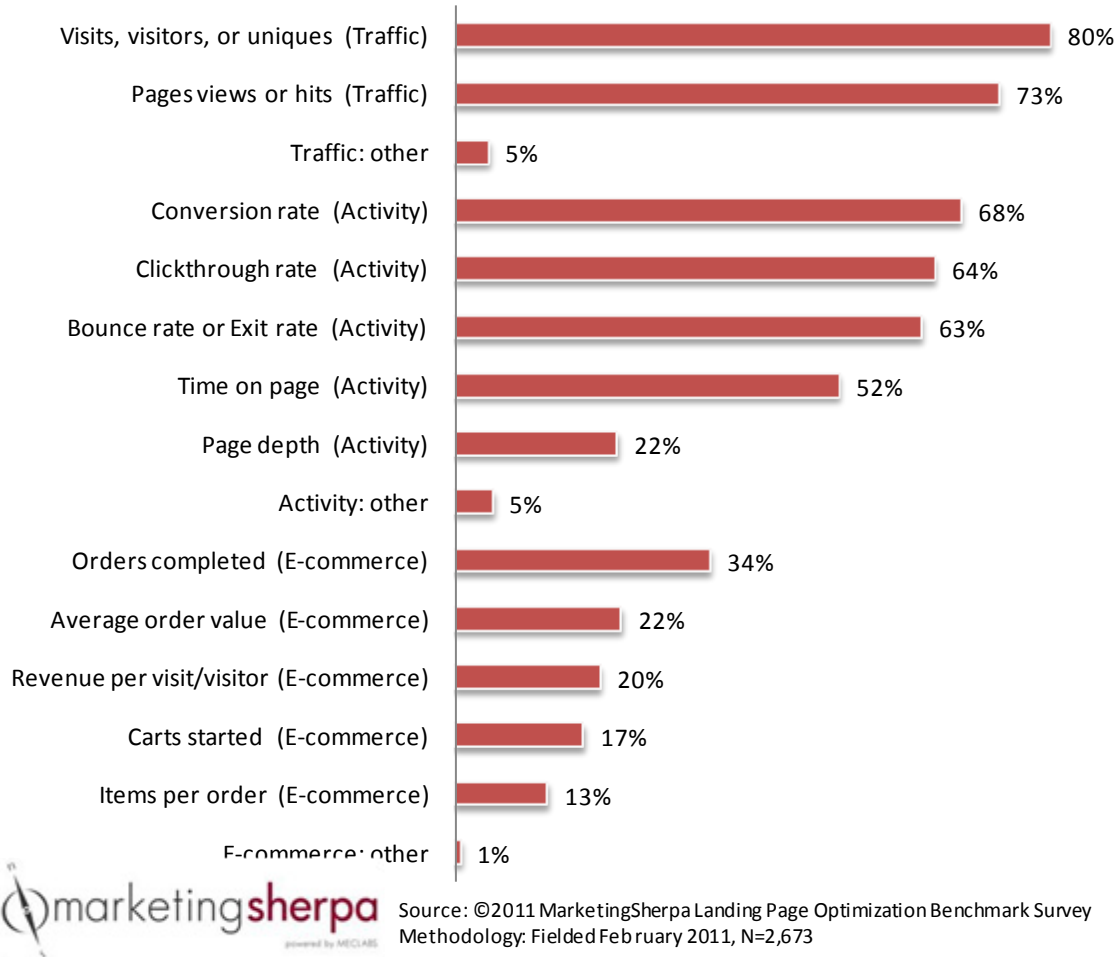| Metric	Percentage
Visits, visitors, or uniques (Traffic)	80%
Pages views or hits (Traffic)	73%
Traffic: other	5%
Conversion rate (Activity)	68%
Clickthrough rate (Activity)	64%
Bounce rate or Exit rate (Activity)	63%
Time on page (Activity)	52%
Page depth (Activity)	22%
Activity: other	5%
Orders completed (E-commerce)	34%
Average order value (E-commerce)	22%
Revenue per visit/visitor (E-commerce)	20%
Carts started (E-commerce)	17%
Items per order (E-commerce)	13%
E-commerce: other	1%

Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
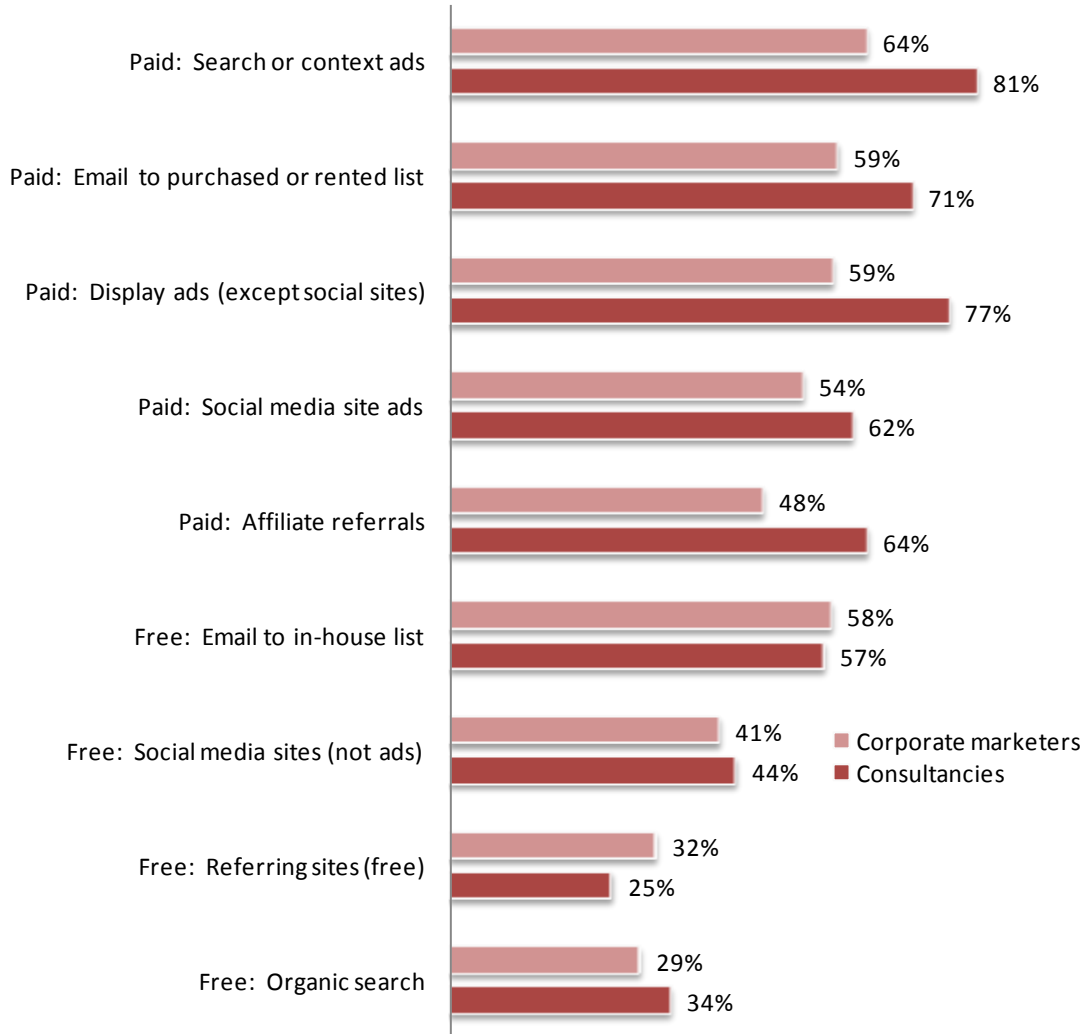Methodology: Fielded February 2011, N=2,673

To keep the survey size manageable, we surveyed marketers on a dozen of the more common and representative metrics out of the multitude available on Web analytics platforms. These metrics reflect three broad types of visitor behavior measurement: Traffic (simply counting, in different ways, how many visitors arrived), activity (actions of clicking, converting, staying, or leaving) and e-commerce (order contents and completion).

While the chart above represents the frequency of each metric's use, it can look deceiving. Although the traffic metrics (visits, page views, etc.) are at the top, they are almost inevitably used alongside other metrics. As they are the easiest to measure, it is not surprising that they are used most frequently. However, it was disappointing to see that "conversion rate" was not at (or even close) to 100 percent – in part the result of the continued disagreement about the definition of "conversion." At the same time, it is important to consider that different metrics are relevant to different pages within the same site, and therefore may be used simultaneously, yet independently.

DEDICATED LANDING PAGES VS. DEFAULT WEBSITE

Q. 44.0 - For which traffic sources do you use customized or dedicated landing pages?

Chart: Usage of customized or dedicated landing pages for each source of traffic in 2010

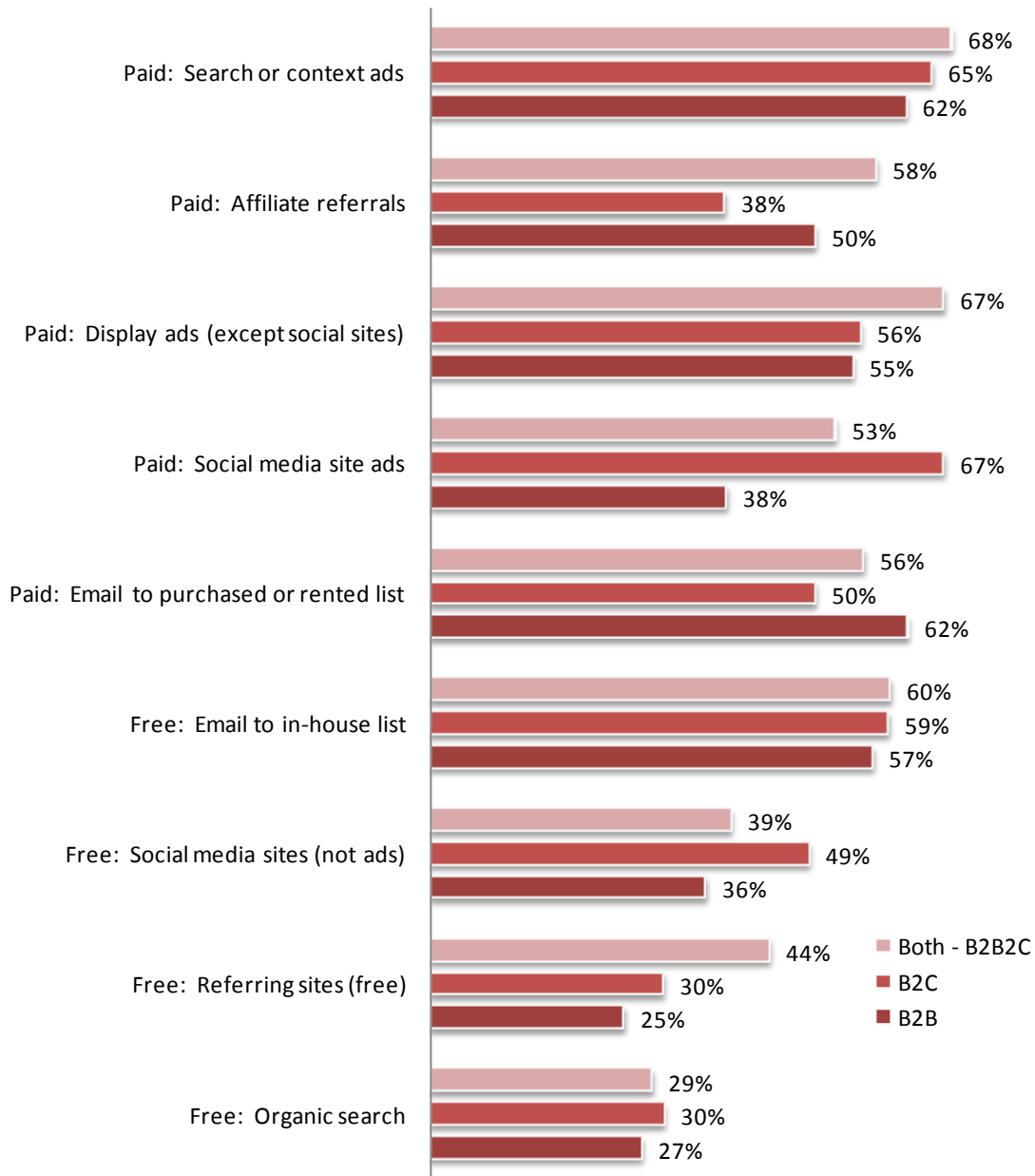| Traffic source	Corporate marketers	Consultancies
Paid: Search or context ads	64%	81%
Paid: Email to purchased or rented list	59%	71%
Paid: Display ads (except social sites)	59%	77%
Paid: Social media site ads	54%	62%
Paid: Affiliate referrals	48%	64%
Free: Email to in-house list	58%	57%
Free: Social media sites (not ads)	41%	44%
Free: Referring sites (free)	32%	25%
Free: Organic search	29%	34%

Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673

Dedicated landing pages (DLPs) provide the most straightforward way to serve select traffic segments with targeted, relevant messaging and experiences. Typically, DLPs are utilized to receive traffic from separate advertising campaigns. Dedicated pages provide instant segmentation, since the marketer can more easily deduce visitor preferences from the messaging that would trigger the visit. When the marketer controls the messaging – as in the case of email, ads, etc. – the marketer then indirectly influences traffic quality.

The term "landing page" comes from SEM, and not surprisingly, paid search traffic is most likely to be directed to a DLP.
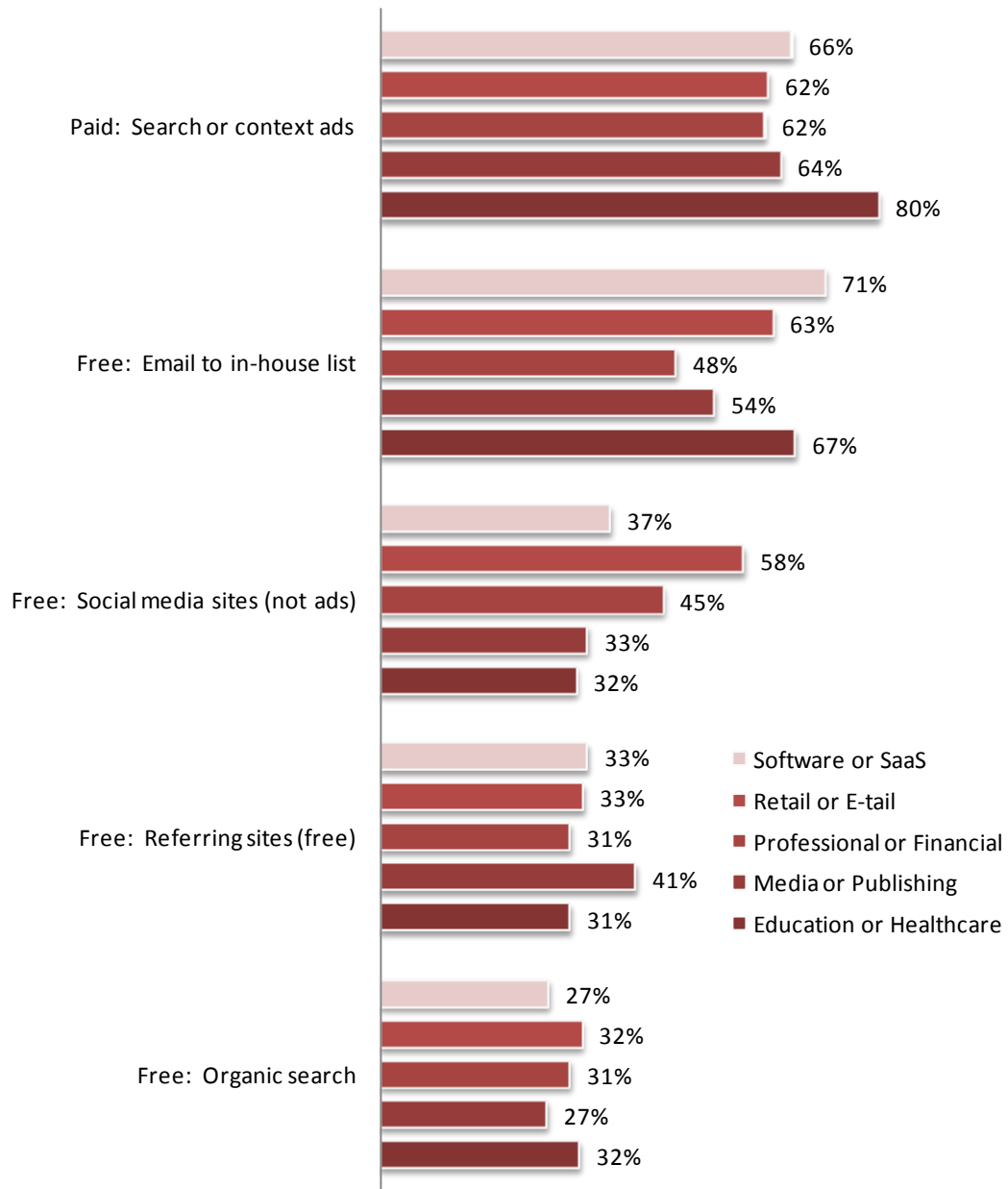
Chart: Usage of dedicated landing pages for each source of traffic, by sales channel

Source of traffic	Both - B2B2C	B2C	B2B
Paid: Search or context ads	68%	65%	62%
Paid: Affiliate referrals	58%	38%	50%
Paid: Display ads (except social sites)	67%	56%	55%
Paid: Social media site ads	53%	67%	38%
Paid: Email to purchased or rented list	56%	50%	62%
Free: Email to in-house list	60%	59%	57%
Free: Social media sites (not ads)	39%	49%	36%
Free: Referring sites (free)	44%	30%	25%
Free: Organic search	29%	30%	27%

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Methodology: Fielded February 2011, N=2,673

Dedicated "organic search" DLPs are likely authority sites that marketers create outside of the primary corporate website to provide an unbiased platform for visitors to discuss subject matter relevant to the company's products or services. Using in-house expertise in their own core offering, marketers can launch effective content and engagement campaigns, and then use display or contextual advertising to drive traffic back to the corporate site. The competing school of thought is to keep content marketing on the corporate site to boost its own search ranking, which likely accounts for the low incidence of sending organic traffic to a DLP across segments. The low rate of using DLPs for other traffic sources primarily has to do with the degree of control that marketers can exercise over the pre-click messaging – a key to DLP effectiveness.
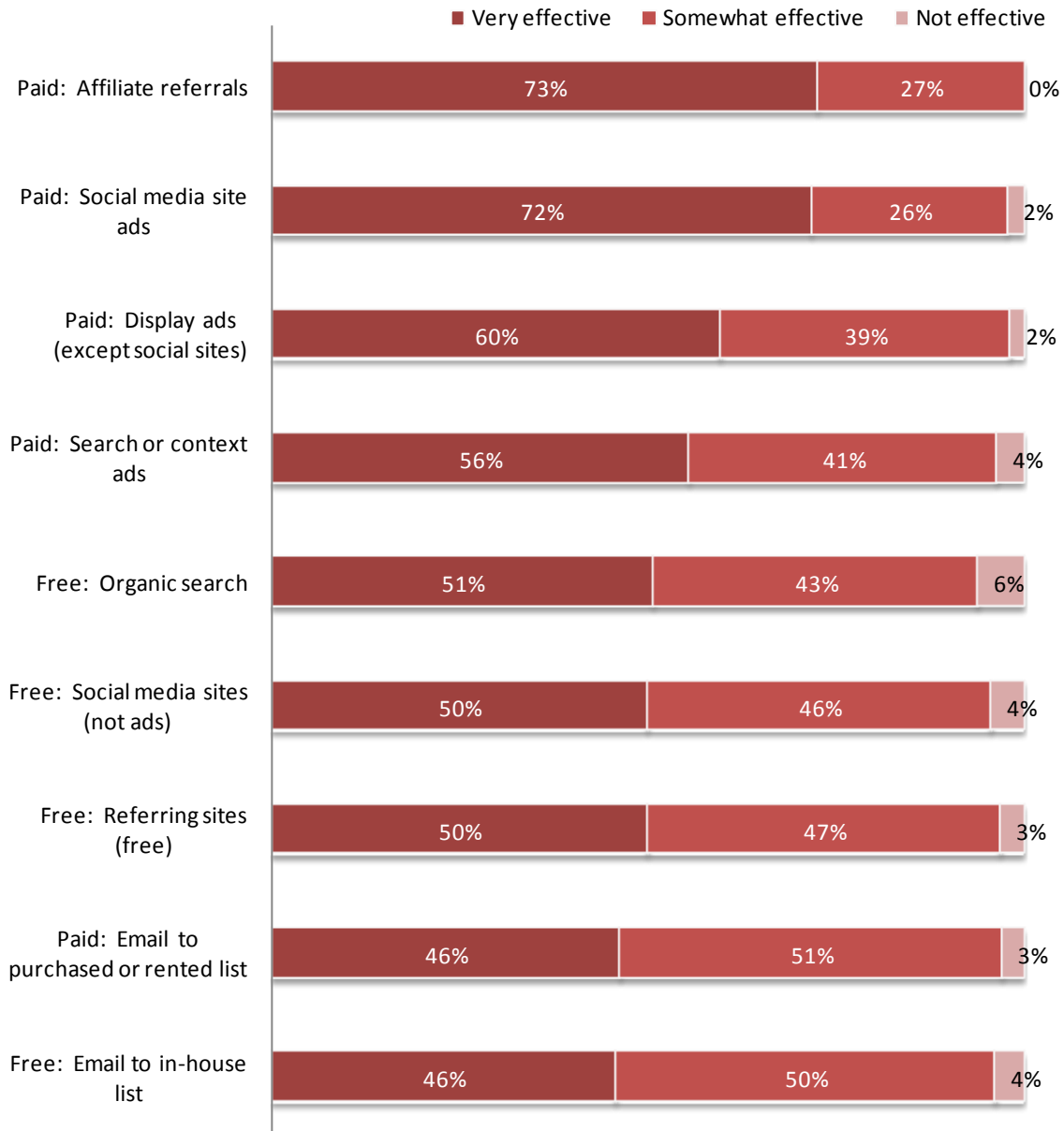
Chart: Usage of dedicated landing pages for selected sources of traffic, by industry

Paid: Search or context ads
- 66%
- 62%
- 62%
- 64%
- 80%

Free: Email to in-house list
- 71%
- 63%
- 48%
- 54%
- 67%

Free: Social media sites (not ads)
- 37%
- 58%
- 45%
- 33%
- 32%

Free: Referring sites (free)
- 33%
- 33%
- 31%
- 41%
- 31%

Legend:
- Software or SaaS
- Retail or E-tail
- Professional or Financial
- Media or Publishing
- Education or Healthcare

Free: Organic search
- 27%
- 32%
- 31%
- 27%
- 32%

Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673

A similar trend exists across different industries, with the traditionally DLP-oriented campaigns at the top. For marketers that generate the traffic types described in this section, but who do not use DLPs, it will be important for them to re-examine their strategy and consider the costs and benefits of using (or not using) dedicated landing pages. While there is an investment of resources, the effectiveness of the corresponding marketing campaign can be magnified significantly. To win the necessary resources for creating DLPs (and eventually, make it a regular part of launching campaigns), marketers may need to demonstrate ROI with a pilot project. To help the reader justify DLPs and determine the best opportunities for using them, the effectiveness rating for DLPs in general and for each traffic source category is provided next.

Chart: Effectiveness of using dedicated landing pages, by source of traffic

■ Very effective   ■ Somewhat effective   ■ Not effective

Source of traffic	Very effective	Somewhat effective	Not effective
Paid: Affiliate referrals	73%	27%	0%
Paid: Social media site ads	72%	26%	2%
Paid: Display ads (except social sites)	60%	39%	2%
Paid: Search or context ads	56%	41%	4%
Free: Organic search	51%	43%	6%
Free: Social media sites (not ads)	50%	46%	4%
Free: Referring sites (free)	50%	47%	3%
Paid: Email to purchased or rented list	46%	51%	3%
Free: Email to in-house list	46%	50%	4%

marketingsherpa
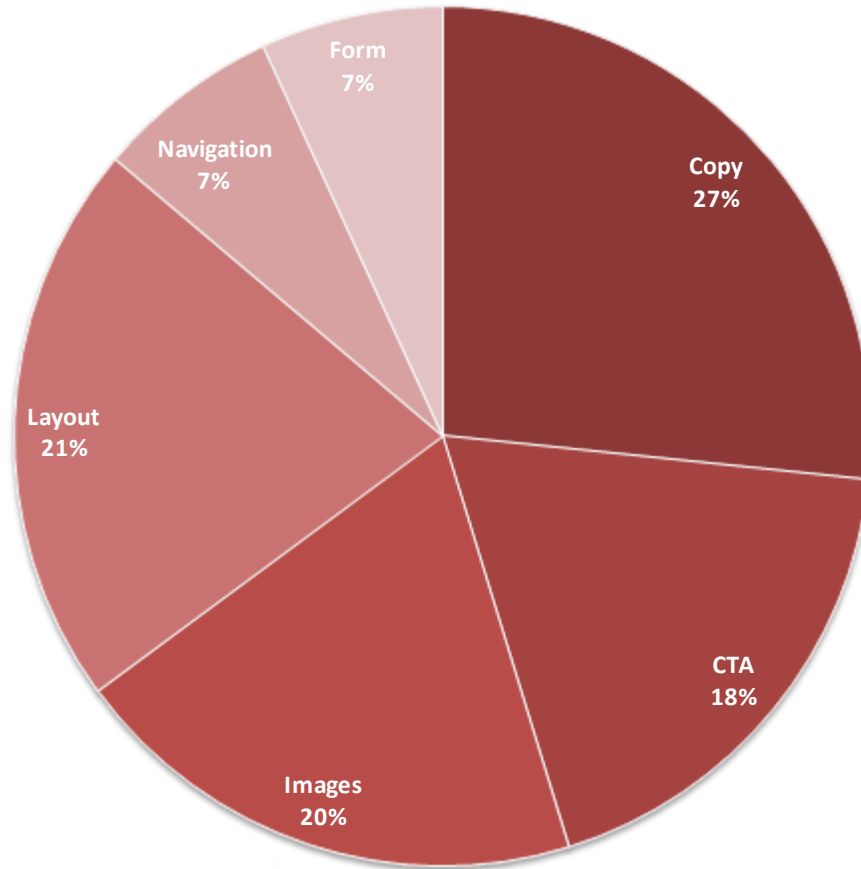powered by MECLABS

Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673

The uniformity of DLP effectiveness across different website objective segments, as well as in B2B and B2C segments, suggests that the primary drivers of perceived DLP effectiveness are related to the quality of the traffic itself. More content-rich traffic sources likely deliver higher-quality visitors, making the corresponding DLPs appear more effective. On the opposite end of the spectrum are the email channels, which, while effective at delivering high-quality visitors, are more likely judged on a per-email-sent basis, reducing the perceived conversion rate. Surprisingly, there is similar performance between DLPs for in-house and rented email lists, since the former typically generate much higher response. This may be attributed to the diminished effect of DLPs removing the distractions of the main site for past visitors.

Seventeen page elements optimized in 2010

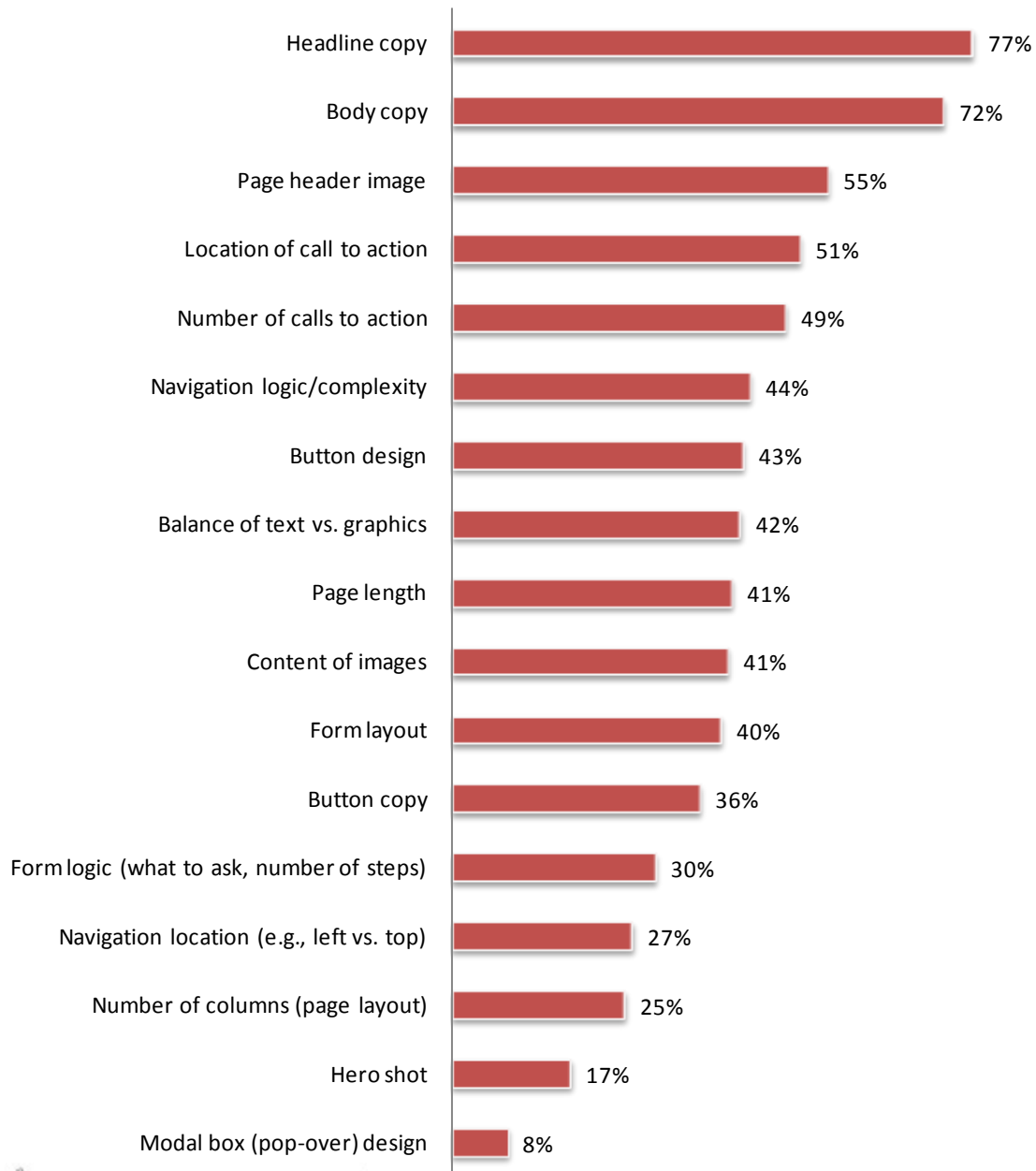**Chart: Key page element categories that marketers optimized in 2010**

Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673

Comparing 17 individual page elements provides welcome granularity, yet at the same time can obscure the general themes that can help develop LPO plans. To help the reader first get a general idea of where LPO practitioners focused their efforts in 2010, the above chart aggregates page elements into five universal categories. Some page elements fit into multiple categories, and the figures above represent relative "weight" or prominence within the LPO landscape, rather than a portion of practitioners.

Clearly, marketers are focused on copy as the primary driver of messaging that leads to conversion. The call to action (CTA) is a special category of page elements that encompasses buttons and other ways the visitor is invited to interact with a website. Unlike the rest of the copy and images, the CTA typically consumes a very small portion of page real estate, yet it is optimized almost as often as the literally "larger" layout and image categories. Navigation is a narrower category, and its potential for programming complexity makes it a less likely optimization candidate, yet poor navigation is a common reason for losing website visitors, as measured by a low page depth and time on site metrics. Like navigation, optimizing forms is also encumbered by technological complexity. In addition, both navigation and forms are not as ubiquitous as the other categories, leading to the lower figures above.

Chart: Page elements that marketers optimized in 2010

Element	Percentage
Headline copy	77%
Body copy	72%
Page header image	55%
Location of call to action	51%
Number of calls to action	49%
Navigation logic/complexity	44%
Button design	43%
Balance of text vs. graphics	42%
Page length	41%
Content of images	41%
Form layout	40%
Button copy	36%
Form logic (what to ask, number of steps)	30%
Navigation location (e.g., left vs. top)	27%
Number of columns (page layout)	25%
Hero shot	17%
Modal box (pop-over) design	8%

Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673

Even more than the different pages and processes analyzed earlier, individual page elements have their own intrinsic objectives, and each one could reasonably warrant its own benchmark report. Boiling down LPO practices to individual page elements means aggregating highly varied scenarios. At the same time, the trends indicated by this data are invaluable as directional support for planning LPO efforts. Certain elements are website-specific, making their usage level reflected above a blend of their perceived value and applicability. For individual readers this is not a problem – items can be selectively ignored if they do not apply.

Chart: Aggregate incidence of "very significant impact" of page elements by key category
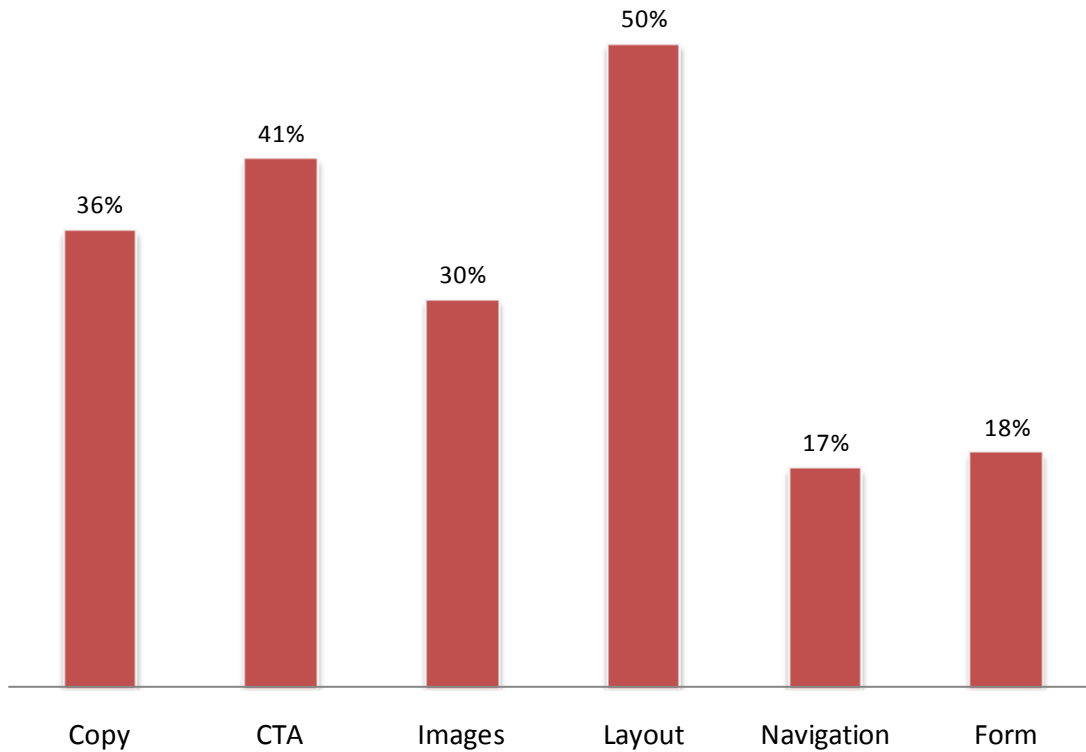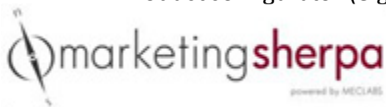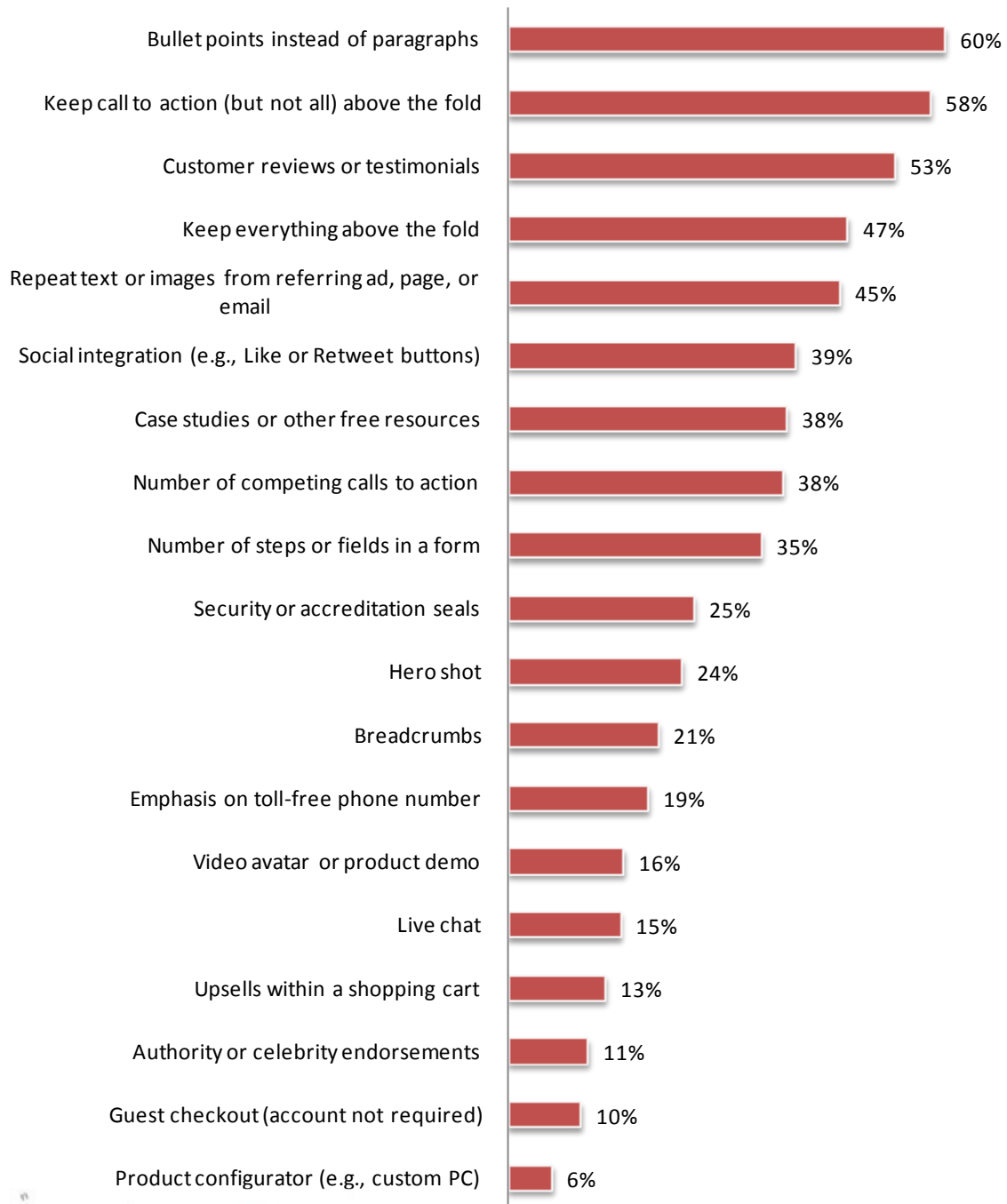
Layout, while probably the broadest category represented above, nevertheless produces the greatest impact on website performance. While the more specific building blocks of messaging – copy and images – can certainly produce a high impact, their ability to do so depends on their absolute placement on the page and their relative placement with respect to other messaging.

Page elements that alter the layout – or the order of presentation – of messaging or interaction with the visitor also change the order in which the visitor processes various aspects of the offer. The way this impact is generated lies in the interaction between the website and the visitor. With a human on one end of the interaction, it has characteristics of human relationships and conversations – modes of engagement now championed (and perhaps proven) by social media marketing and PR practitioners. The layout of the page structures this conversation, leading the visitor in a logical order through the decision making process. This core function of the layout is responsible for the high impact of page elements and tactics that shape it.

Chart: Optimized website features and tactics marketers applied in 2010

| Feature/Tactic	Percentage
Bullet points instead of paragraphs	60%
Keep call to action (but not all) above the fold	58%
Customer reviews or testimonials	53%
Keep everything above the fold	47%
Repeat text or images from referring ad, page, or email	45%
Social integration (e.g., Like or Retweet buttons)	39%
Case studies or other free resources	38%
Number of competing calls to action	38%
Number of steps or fields in a form	35%
Security or accreditation seals	25%
Hero shot	24%
Breadcrumbs	21%
Emphasis on toll-free phone number	19%
Video avatar or product demo	16%
Live chat	15%
Upsells within a shopping cart	13%
Authority or celebrity endorsements	11%
Guest checkout (account not required)	10%
Product configurator (e.g., custom PC)	6%

Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673

Like page elements, each item above has its own intrinsic objective within the broader objective of the website, and its discrete impact on the website as a whole. These should be applied as a checklist of candidates for LPO efforts.

TESTING METHODOLOGIES AND OPERATIONS

**Chart: A/B split or sequential testing performed by marketers in 2010**
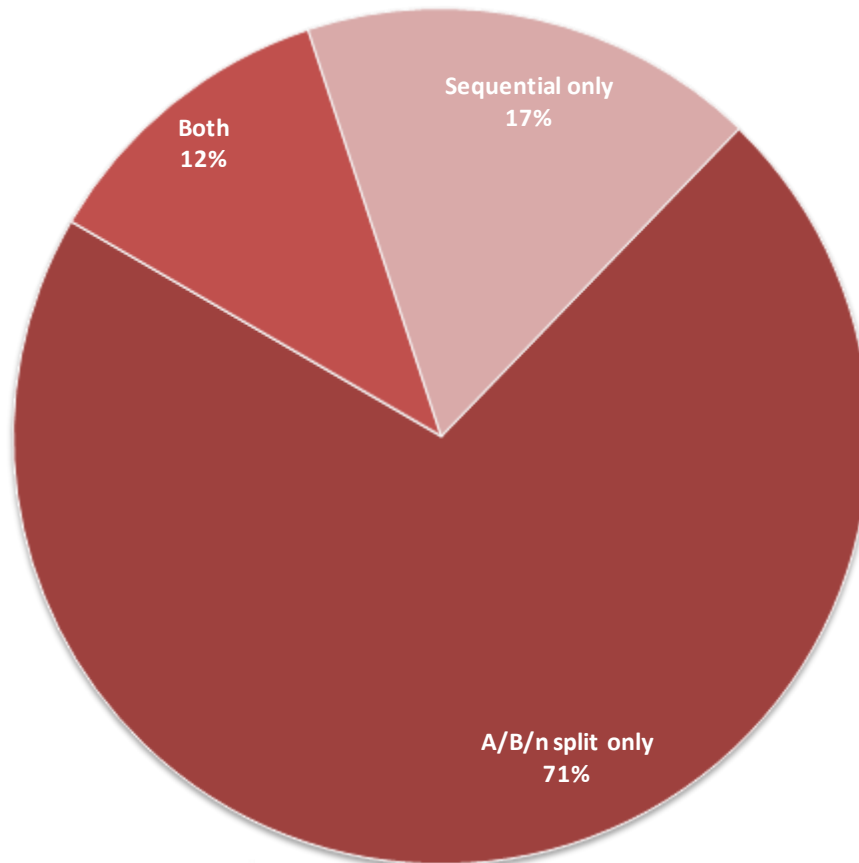
Source: ©2011 MarketingSherpa Landing Page Optimization Benchmark Survey
Methodology: Fielded February 2011, N=2,673

There is substantial confusion about the meaning of the term "A/B split testing." It seems that the term is much more familiar than "sequential," and has come to mean "single-factor testing." *A/B split* and *sequential* are two ways – primarily, sets of technology considerations – of presenting different treatments, independent of the number of variables being tested. In the "split" test scenario, all treatments are distributed simultaneously among incoming visitors pending site visits. In the "sequential" scenario, only one treatment is available at a time, so the data collection periods are non-overlapping.

Split tests normally utilize a randomization mechanism to avoid any systematic bias in matching visitors with treatments they receive. Split tests are also a good way to prevent major validity threats that arise from the interaction between test subjects and the environment. Since all treatments are exposed at the same time, external interactions that change with the passage of time can be considered controlled-for because they apply equally to each treatment. Sequential testing is often necessary because of technical difficulties in setting up a split test environment. To make each treatment's data sample more representative and mitigate time-related validity threats, the treatments can be exposed for a number of shorter, interleaved time periods.
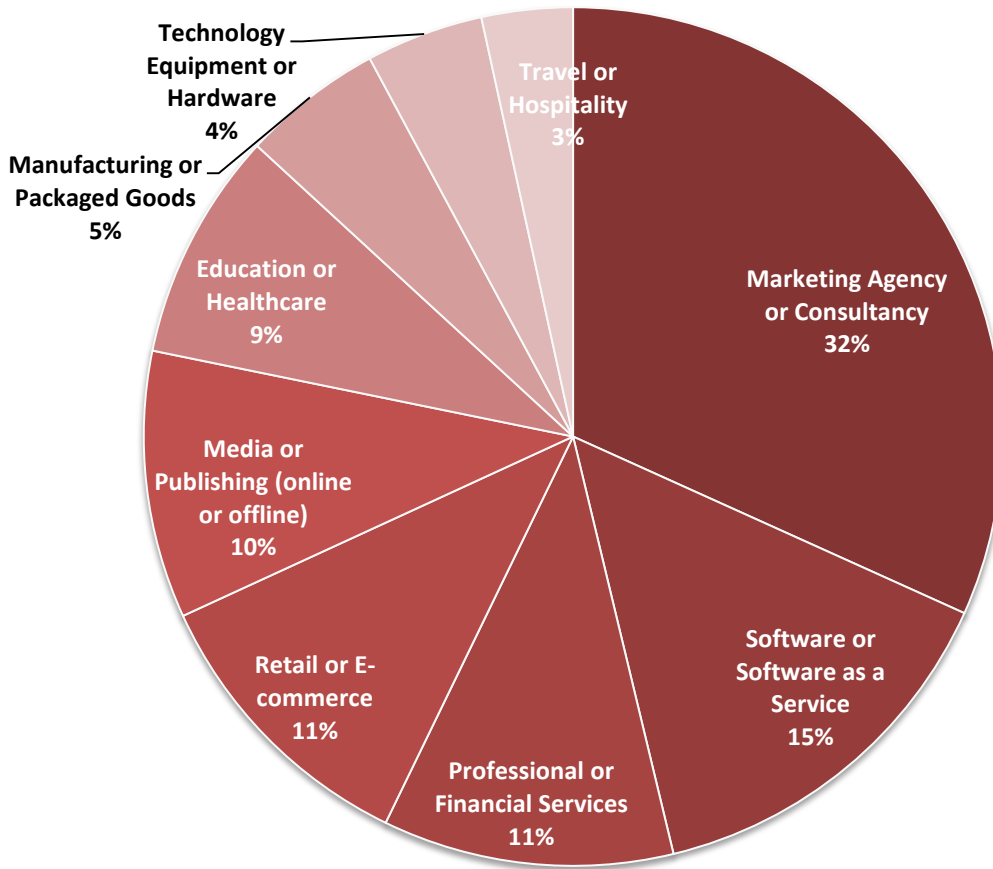
APPENDIX 2: BENCHMARK SURVEY DEMOGRAPHICS

Chart: In which geographic region is your organization based?
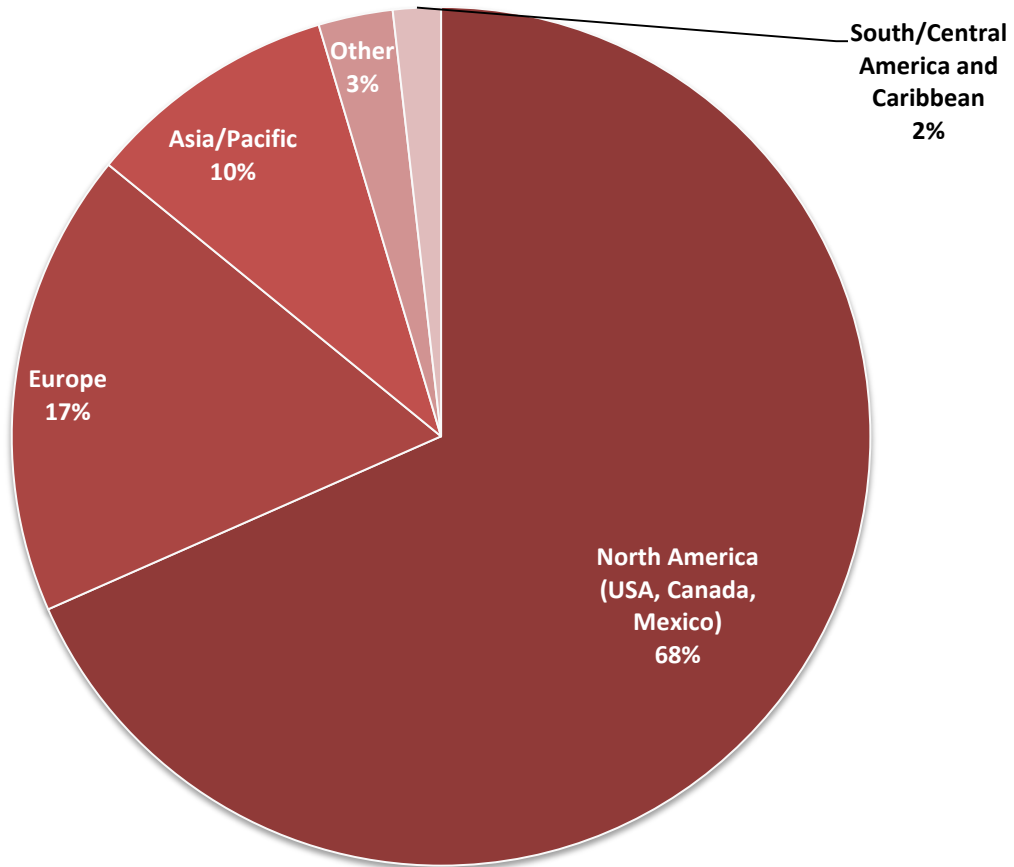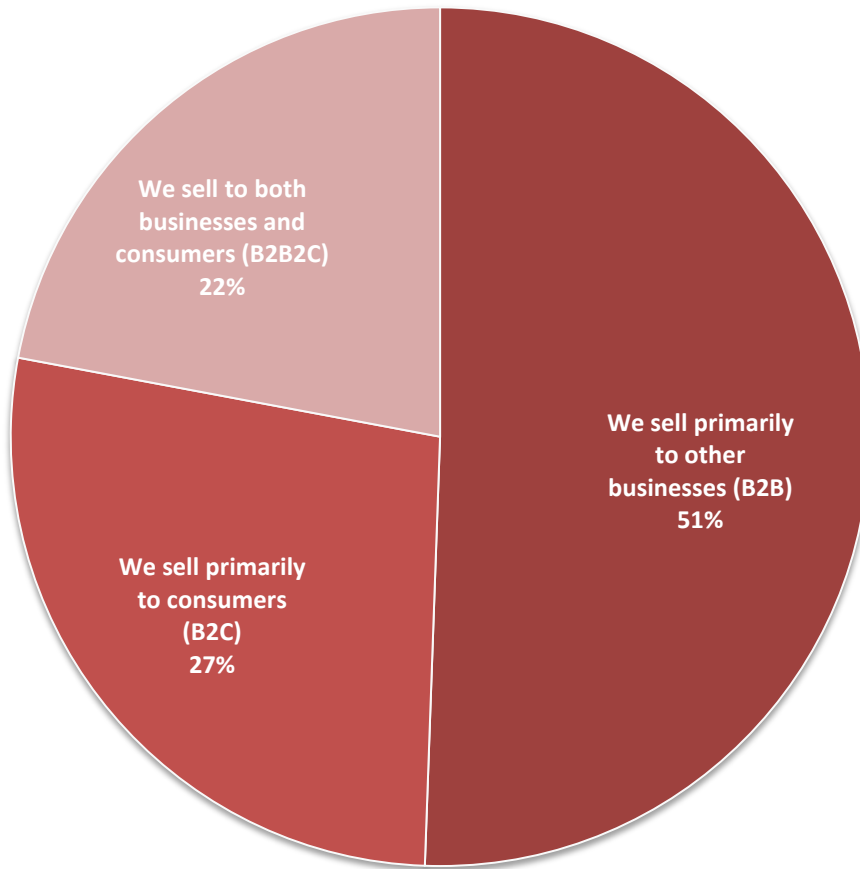

Source: ©2011 MarketingSherpa Social Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

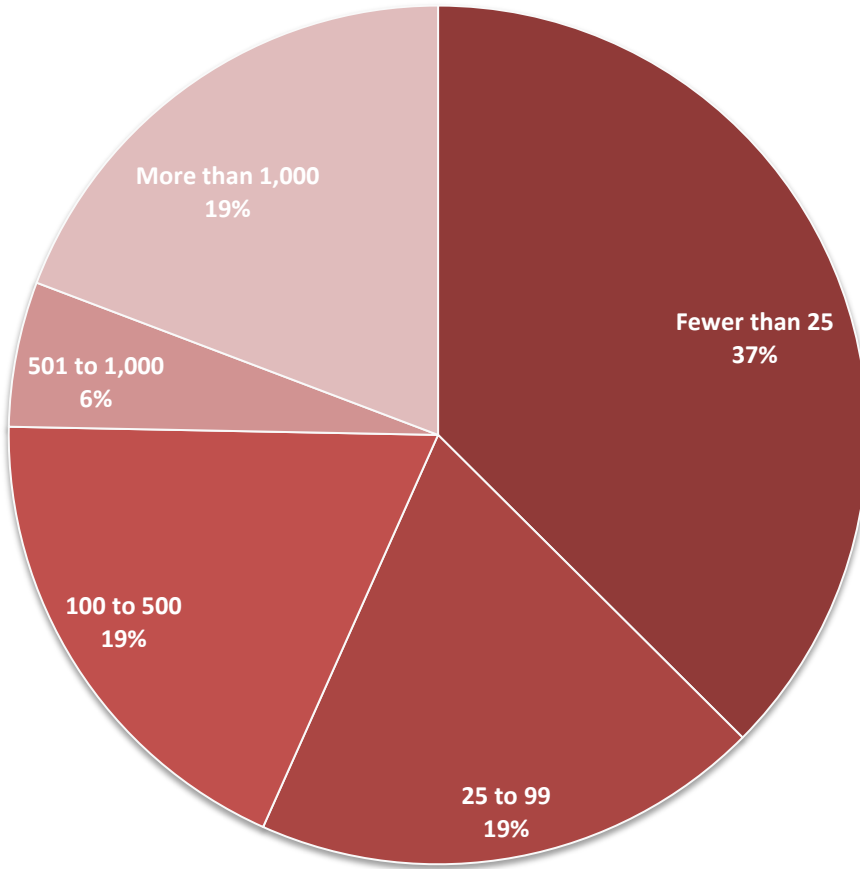**Chart: Which best describes the type of organization you work for?**

Chart: Which best describes your organization's primary sales channel?

We sell to both businesses and consumers (B2B2C)
22%

We sell primarily to other businesses (B2B)
51%

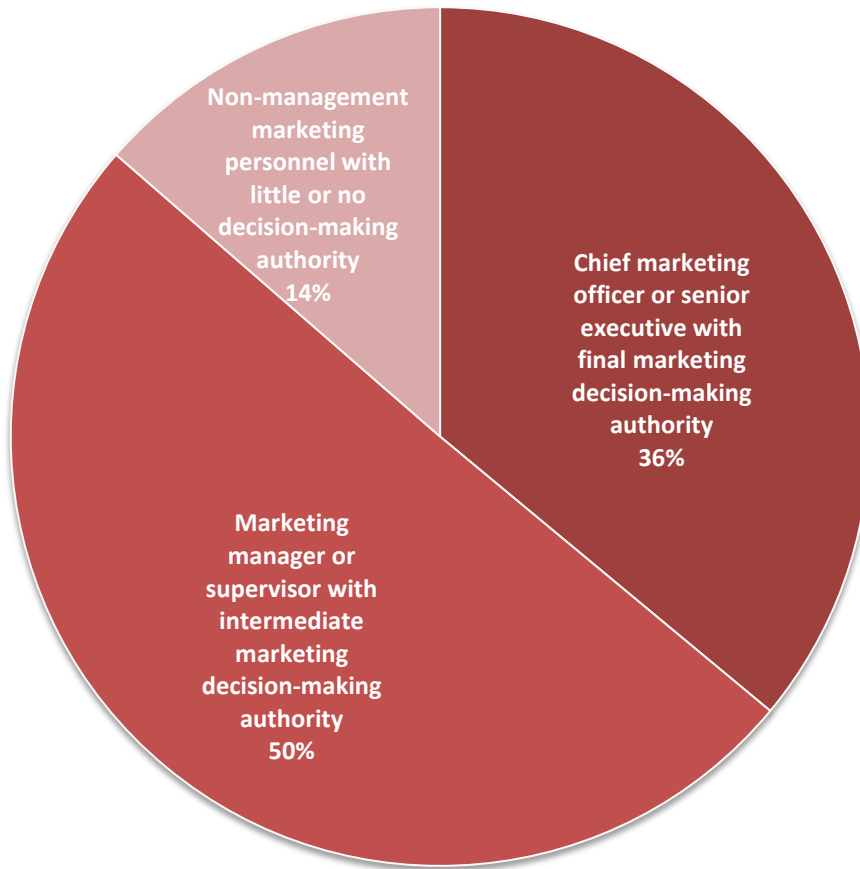We sell primarily to consumers (B2C)
27%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

Chart: Please select the approximate number of employees in your organization.

Chart: Which best describes your role and decision-making authority in the organization?

Non-management marketing personnel with little or no decision-making authority
14%

Chief marketing officer or senior executive with final marketing decision-making authority
36%

Marketing manager or supervisor with intermediate marketing decision-making authority
50%

Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

APPENDIX 3: SEARCH ENGINE MARKETING GLOSSARY

AN A-TO-Z GLOSSARY OF COMMON SEARCH MARKETING TERMS

1st-Party Cookie: A piece of code placed on the user's browser by the website they are currently visiting that is used to track visitor behavior.

2nd-Tier Search Engine: Vague grouping of search engines/properties that can be simply any search property but Google, Yahoo!, MSN and AOL.

3rd-Party Cookie: A piece of code used to track user behavior, placed on the user's browser by someone other than the website they're currently visiting. Third-party cookies are used in Web analytics and ad serving, among other areas.

A

Abandonment: As in call or site abandonment, measured when people leave a site, telephone call, etc. The abandonment rate measures the efficiency of the marketing tool.

Above the Fold: The part of a Web page that is visible without scrolling. Material in this area is considered more valuable because the reader sees it first. It refers to a newspaper term for the top half that's above the fold but, unlike a newspaper, email and Web page fold locations aren't predictable. Your fold may be affected by the users' preview pane, monitor size, monitor resolution and any headers placed by email programs.

Algorithm: A set of mathematical rules that describe or determine a circumstance or action. In the case of search engines, unique algorithms determine the ranking of websites returned within search queries. Although some of the qualities used to determine ranking (number of referring sites, meta tags, etc.) are known, the precise functioning of search engine algorithms is a closely kept secret to prevent the manipulation of the system.

Applet: Small programs, usually written in Java, or another web-friendly language that run within a Web browser. Some applets may be negatively viewed by search engine spiders, affecting indexing and page rank

Application Program Interface (API): How a program (application) accesses another to transmit data. A client may have an API connection to load database information to an email vendor automatically and receive data back from the email.

Application Service Provider (ASP): A company that provides a web-based service. Clients don't have to install software on their own computers; all tasks are performed, or hosted, on the ASP's servers.

Average Adopter: Those who want to take advantage of new technologies but have lengthy processes in place to protect them from adverse reactions. They'll often wait for a big-name company to offer a solution in an area spearheaded by smaller, faster-moving companies.

Awareness: The first phase of the product marketing cycle, during which prospects gain awareness of the product/service.

B

Backlink: (or inbound links) A link pointing to a particular Web page.

Bait-and-Switch: (or agent name delivery or IP delivery) The attempt to feed search engine spiders different content from what is delivered to human website visitors in an attempt to optimize page ranking.

BANT: An acronym for the basic pieces of lead development information: budget, authority, need, time frame.

B2B: Business-to-Business (also B-to-B and BtoB).

B2C: Business-to-Consumer (also B-to-C and BtoC).

Black Hat: In PPC, also known as search engine spamming. Involves techniques that aim to deceptively or unethically show relevance or importance of a website per a specific key term. Black hat techniques are frowned upon by the search engines. If found out, websites utilizing black hat techniques are generally blacklisted by the search engines.

Blog (Weblog): A style of Internet publishing using content management software that allows for quick posting of journals, news and articles.

Buzz: The cumulative coverage of an issue, event, company, etc. in all media outlets and the population at large. Companies that measure buzz examine the volume and tone of coverage in both individual-generated media — blogs, message board postings, discussion lists — and mass media outlets.

C

Call-to-Action: In a marketing message, Web ad, email, etc., the link or body copy that tells the recipient what action to take.

Cell: A segment of a list that receives different treatment specifically to see how it responds vs. the control (normal treatment).

CGI: Abbreviation for common gateway interface. It is a specification for transferring information between the Web and a Web server, such as processing email subscription or contact forms.

C-Level Executive: Any chief officer of a company. It can be a CIO, CEO, CFO, COO, CMO or others. CXO can refer to any C-level executive.

Clickthrough Rate: Total number of clicks on search ads, email link(s), etc. divided by the number of impressions, emails sent, etc. Also known as CTR.

Clickthrough: The process of clicking on a link in a search engine output page to visit an indexed site.

Client: Commonly, the user's computer, browser or application that requests information from another online application. Most client applications request information from a server-side application.

Collaborative Filtering: (or social filtering) Using the experience of previous searchers to return more relevant results.

Comparison Shopping Site: Similar to search engines, Comparison shopping sites or engines allow users to compare products from a variety of sources (websites). Merchants feed product data to the comparison sites and pay for leads or sales generated.

Conditional Content: Use of a database to allow or block content based on user behavior. This is done with "if" and "then" statements.

Consideration: The second phase of the buying cycle, when buyers are already familiar with a product, its features, benefits, prices, etc. Consideration is the phase during which relationship marketing using email, telemarketing, etc., is commonly used to warm the lead, or move the lead from consideration to the sales funnel.

Consumer Generated Media: Any of the many kinds of online content that are generated at the user level. Personal Web pages, such as those found on MySpace, are rudimentary examples. Blogs and podcasts are more evolved ones.

Content: All of the material on a Web page. Includes all words, images and links.

Content Rich: Refers to a Web page that contains relevant content to the topic at hand. Usually used to refer to the need to repeat keyword phrases within the body copy of a website. Search engine algorithms give higher ranking to a site that contains the keyword phrases that a user is searching for.

Conversion Rate: The percentage of visitors/users who "convert" on the action of a Web page or campaign. For example, actions may be purchasing, submitting a form, downloading content, calling a telephone number or making an extended site visit.

Conversion: The point at which a recipient of a marketing message performs a desired action. A conversion could be a monetary transaction, such as a purchase made after clicking a link. It could also include a voluntary act such as registering at a website, downloading a whitepaper, signing up for a Web seminar or opting into an email newsletter.

Crawler: See "spider."

CRM: Customer relationship management. The software and processes of tracking the information that defines a prospect or customer relationship. CRM systems typically store contact and interaction data, such as number and dates of touches, products considered.

Customer Lifetime Value: A measure of the total amount the customer will spend with a merchant during their relationship. Usually calculated by their spending per year multiplied by the average number of years they are likely to be a customer.

D

Deep Linking: Links that direct the person clicking on the link to a page beneath the homepage of a website. Sometimes it is used to mean linking to a deep page on someone else's website, which has different legal issues than simply directing someone to a homepage.

Deferred conversion: Sales that take place after visiting a website. With many online marketing tactics, it's not always possible to discern whether a sale took place as the result of some past interaction.

DHTML: The technology on which floating online ads are built. DHTML can be made to sit on top of the page, incorporating movement and sound. DHTML is not typically blocked by pop-up/pop-under blocking software.

Domain Name System (DNS): How computer networks locate Internet domain names and translate them into IP addresses. The domain name is the actual name for an IP address or range of IP addresses, e.g., MarketingSherpa.com. See **Reverse DNS**.

Dynamic Content: Web page information that changes according to rules set by the client or server and can adapt to instructions. For example, a dynamic content system makes it possible for unique homepages to be delivered to millions of Yahoo! users whose personal preferences have been set.

E - F

Early Adopter: The first to experiment and benefit from new technologies. They are often beta testers and tech companies themselves.

Eye Tracking: A type of Web page testing that follows the eye movements of participants to gauge how they interact with the page.

F

Fast Follower: Someone who stays informed about new technologies as they appear and move to integrate them as soon as they are proven effective. The sale process can be a long one with fast followers because they want information long before they are ready to buy.

Firewall: A program or set of programs designed to keep unauthorized users or messages from accessing a private network. The firewall usually has rules or protocols that authorize or prohibit outside users or messages.

G - H

Gateway Page: A page submitted to a search engine that's designed to give the spider what it's looking for (fitting the algorithm for that particular search engine) and increasing the relevance of the site. The search engines have actively banned this practice. Most, if not all, search engines seek to discover and eliminate the use of these pages because it is another form of "gaming," or trying to fool, the algorithms.

Heat Map: A map of a Web page that displays where consumers are most likely to direct their eyesight on a Web page.

Hidden Text: A black hat technique in which text is invisible to readers (same color as background, an HTML comment, etc.) but is visible to spiders. Most search engines can detect this practice, and pages suffer the consequences in rank.

K

Keyword: A word that forms all or part of a search engine query.

Keyword Density: The percentage of a page's text that is made up of a single keyword. For example, if a 500-word press release has the keyword "security" in it ten times, it has a two percent keyword density.

Keyword Phrase: A phrase that forms all or part of a search engine query.

L

Laggards: A group defined by their attitudes toward change and innovation. Laggards depend on tried-and-true technology and are more concerned with stability and security than cutting-edge ideas.

Landing Page: The destination Web page for people responding to an advertisement, designed specifically for that campaign and audience. The campaign might be in any medium, but is typically search or online-ad driven and email. The key difference between a homepage and landing page is that the former must be all things to all visitors, while the latter should be very narrowly designed for the campaign and, perhaps, for a segment of the audience responding to it.

Latency: In regards to search marketing and conversion, the likelihood of a conversion to take place after an initial visit. It is estimated that, in some categories, 85 percent of conversions are latent.

Lead Development: The process of moving a qualified lead toward becoming a prospect (someone in the sales funnel).

Lifestage: In marketing, the division of life into stages based on age and family status, from "young singles" to "empty nesters."

Link Bait: Useful, interesting or entertaining website content that encourages other websites to link to it.

Linkrot: Term describing the process of links going bad over time, either because a website has shut down or a site has stopped supporting a unique landing page provided in an email promotion.

Log File Analysis: Combing through website log files to study Web visitor behavior.

Long-Tail: Refers to keywords usually with three or more words and lower search volumes. These terms target a niche audience and tend to convert at a high rate.

M

Meta tags: HTML components that can include page titles, descriptions, and keywords. These components are visible to search engine spiders but do not affect the appearance of the Web page.

Meta search: A search that aggregates the results from a variety of search engines by submitting the query to them and consolidating the results.

Microsite: A cross between a landing page and a regular website. These sites often have their own domain names and even separate brands from the organization's core brand. They are used when a marketer wants to offer a user an extended experience for branding or educational purposes. In fact, a site the visitor might even return to a microsite as a destination.

Mobile Search: Conducting a search query from a handheld device with wireless internet connection, such as a smartphone or blackberry.

Modality: Generally used as a synonym for "category;" for example, "Direct mail is among the oldest modalities of offline marketing."

N - O

Natural Results: See **Organic Listing**, **Algorithm**.

Offline Conversion: Sales or other conversion events that take place in the real world, typically in a brick-and-mortar store.

Organic Listing: (or, natural listings) Search page result that is provided free and based on the search algorithms of the search engine. A site might have a high "organic" ranking without paying the search engine anything at all. Conversely, a high spending advertiser in a keyword category might not appear anywhere near the top organic results.

P

Paid Placement: (or Search PPC) Ad model in which search engines return paid advertising when appropriate queries are used. For example, if someone searches for "new cars," a paid ad from a major auto manufacturer may appear. Advertisers bid on specific keywords that are contained in search queries and attach specific text ads to them. Google, Yahoo! and Bing are the largest paid placement search engines.

Pay-per-call: A tactic in which merchants (often local retailers) pay search properties for offline telephone calls that are generated from their pages.

Pay-per-click (PPC): Paid search advertising is usually based on this model, where advertisers pay a bounty for each click originating from a source of traffic.

Penetration: In search, the percentage of the total potential search engine users who conduct a search on a given engine or site.

Persona-Based Design: Personas are virtual customers; useful templates based on common customer types that can guide site design, offer testing, etc.

Personalized Search: Search engine feature that determines a search engine user's results based on that user's search history.

Personalization: A targeting method in which a Web page or email message appears to have been created only for a single recipient. Personalization techniques include adding the recipient's name in the subject line or message body, or an offer reflecting purchasing, link clicking, or transaction history.

Phase I: Trial: For the purpose of this report, Search Marketing Benchmark survey respondents who indicated that they had no repeatable process for performing PPC.

Phase II: Transition: For the purpose of this report, Search Marketing Benchmark survey respondents who indicated that they had an informal process that was randomly performed for PPC.

Phase III: Strategic: For the purpose of this report, Search Marketing Benchmark survey respondents who indicated that they had a formal process for PPC that was routinely performed.

Podcast: A way to publish audio content to the Internet for download to multimedia players.

Privacy Policy: A clear description of how your company uses the information it gathers about visitors, users and/or customers. Links to privacy policies are generally included on landing pages, email registrations, lead forms, etc. as a best practice.

Prospect: A lead that has progressed from the stage of qualified lead into the sales funnel. However, the term is often heard used as a synonym for qualified lead.

Purchase Phase: The final stage of the buying process, when consumers commit to purchasing a product.

Q-R

Qualified Lead: While the definition varies from marketer to marketer, a qualified lead is generally the next step up from inquiry — the lead fits some criteria to warrant lead development. It may be as simple as "anyone who searched for this term is qualified" to "they only corresponded to three of five criteria from our registration form, so they're not qualified."

Query: A word, phrase or string of words used to define the response from a search engine or database.

Ranking: A Web page's position in search engine results for a particular keyword/search phrase. Higher rankings typically indicate better PPC, high volume and quality traffic.

Real time search: A search engine's ability to index Web content and index it in real time without delay. Content commonly displayed in real time includes social media content.

Recreational Shopper: Someone who is part of the approximately 40 percent of the population who say they like to shop and consider shopping a hobby or fun activity.

Referrer: (or referring URL) The address of the Web page from which a visitor arrived.

Research phase: Initial stage of the buying process, when consumers are beginning to understand a product and its role in the market.

Robots.txt: A website command in HTML that tells search engine spiders to stop indexing a site or page.

ROI (Return on Investment): Either mathematical or anecdotal analysis of payback for a project. Mathematical calculation for ROI equals ((Return –investment) / (investment) x 100).

RSS (Really Simple Syndication): XML based content distribution method that powers many blogs and other types of content websites. RSS gathers "feeds" of information from user-designated sources. The "feeds" include clickable headlines and blurbs about full pieces of content. RSS is seen as an alternative to some types of email communication, but has yet to become an established marketing medium.

S

Sales Cycle: The time between first direct contact (may simply be a registration on a website) and ultimate sale. Sales cycle is a measure of efficiency of the sales organization.

Scraping: The process of grabbing keywords from competitors' websites.

Search Engine Marketing (SEM): All of the tactics and versions of search engine advertising, including search engine optimization (PPC) and pay-per-click marketing (PPC).

Search Engine Optimization (PPC): The practice of designing and writing Web pages to be attractive to the search engines. PPC attempts to place pages highly within the "natural" listings on search engines, as opposed to paid ads and includes on-site optimization as well as off-site optimization.

Searchjacking: Optimizing a page for highly sought after search terms, even though the page doesn't have anything to do with the subject matter. Used to generate large volumes of (highly irrelevant) traffic.

Segmenting Log File: A process that goes beyond simply correlating keywords by frequency with later conversion. Often keywords that occur infrequently can be top converters. The inverse is also true.

SERP(s): Search engine results page(s).

Server: A host computer that fulfills requests from other computers such as information, data, Web pages, emails, images, etc.

Share of Wallet: A measure of how much business in a given category is owned by a merchant. Of everything that someone might be expected to spend on product X this year, how much are they spending with merchant Y?

Shopping Search Engine: See "Comparison shopping site."

SKU (Stock Keeping Unit): Any product, part or accessory that is numbered. Often used to refer to the number of products sold by a merchant.

SMS (Short Message Service): A feature of mobile phones that allows the transmission of short text messages from one device to another.

Social Marketing: The planning, execution and measurement of marketing tactics deployed through social media sites and involving the voluntary actions of prospects and consumers.

Social Media: Includes websites that contain user-generated content such as customer review sites, social networking sites, blogs, social bookmarking sites, forums, etc.

Spider: (AKA bot or crawler) A small program that surfs the Web to index information for a search engine.

Spidering: The process of surfing the Web, storing URLs and indexing keywords, links and text. Because there is far too much information available to index it all, every search engine has unique (and highly proprietary) ways in which it saves time and space.

Stemming: An advanced search quality of some search engines that allows the engine to return results containing the same word stem as the keyword. Example: A "stemming" return for "marketing" might return results for "marketer."

Stop word: Words that are so common they don't affect search results, such as "a," "an" "the," etc.

T-U

Thank-you Page: Web page that appears after user has submitted an order or a form online – often a receipt.

Unique Visitor: A single visitor to a website determined by the number of unique IP addresses that hit the site.

URL (Uniform Resource Locator): The Web address for a page, always beginning with http:// (or https:// for a secure page) and followed by "www." (or variations, although some URLs are set up to not include this information) and the domain name, e.g. http://www.marketingsherpa.com.

Universal Search: A search engine's ability to deliver multimedia content in search results pages, including images, videos, news, local information, social media sites, and books.

Usability: The study of how people interact with their environment. In online marketing, a specialized form that focuses on Web page design.

V-W

Vendor: Any company that provides a service.

Video Search: A search engine's ability to "crawl" the Web for video content and index it on a search results page.

White Hat: In PPC, this refers to ethical and acceptable methods of optimizing a website to achieve higher search engine rankings and increased traffic.

Word-of-mouth (WOM): An area of marketing that attempts to measure and/or harness the power of personal recommendations. With the explosion of blog readership, WOM has become a hot topic in virtually every industry.

X

XML feed: A method of feeding page information to search engines using XML. Some feeds are paid on a cost-per-click or subscription basis.

XML: Extensible Markup Language, a new language that promises more efficient data delivery over the web. XML does nothing itself. It must be implemented using "parser" software or XSL.

About MarketingSherpa LLC

MarketingSherpa LLC is a research firm publishing Case Studies, benchmark data, and how-to information read by hundreds of thousands of advertising, marketing and PR professionals every week.

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