State of Search Engine Marketing Report 2010

in association with SEMPO
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1. Executive Summary and Highlights

The SEMPO State of Search Report 2010, published by Econsultancy, follows a global online survey of almost 1,500 client-side marketers (advertisers) and agency respondents.

The sixth annual report of its kind is again based on information provided by companies across a range of business sectors, and this year attracted respondents from 68 different countries.

As well as paid search and search engine optimization, this year’s report also looks at the rapidly growing market for social media marketing, which is becoming increasingly significant as a related and complementary activity.

**Market valuation**

SEMPO and Econsultancy estimate that the North American search engine marketing industry\(^1\) was worth $14.6B in 2009, up from $13.5B in 2008 and based on 8% year-on-year growth.

Difficult market conditions caused by the recession resulted in a relatively slow year for the industry in 2009, which was improved by a significant upturn in the fourth quarter.

This momentum has continued into 2010. We expect a return to double-digit percentage market growth this year. We estimate the market will grow by 14% in 2010, and reach a value of $16.6B by the end of this year.

\(^1\) This valuation includes money spent on paid search marketing and search engine optimization (natural search), and also spending on search engine marketing technology. It excludes social media marketing spending.
The research shows that companies are continuing to shift money from other marketing and IT activity into search engine marketing.

- Of the companies re-allocating budgets to search engine marketing, around half (49%) are moving it from print advertising. More than a third (36%) are shifting money from direct mail, and almost a quarter are moving budgets from conferences and exhibitions (24%) and web display advertising (23%).
- Agencies see the print advertising sector even more heavily hit, with 69% of supply-side respondents noticing a shift of budget from newspapers and magazines into search engine marketing.

Agency respondents are much more likely than company respondents to see money coming from print yellow page advertising (45%, compared to 21% for company respondents). This likely reflects the increased importance of local search, something which 85% of agency respondents regard as a significant trend.

**Search engines**

The research highlights Google’s dominance as a search engine, with 97% of companies paying to advertise on Google AdWords. Nearly three-quarters of companies (71%) pay to advertise on the Google search network, while 56% use the Google content network (keyword targeted).

In comparison, half of responding companies (50%) use Yahoo! Search. This percentage has dropped from 68% in 2009 and 86% in 2008.

The proportion of advertisers who say they use Microsoft’s Bing search engine stands at 44%, compared to 54% who said they used Microsoft Live (MSN) search in 2009.

- More than half of company respondents (55%) are now investing more in Google than they were a year ago. This compares to 47% for Bing (Microsoft) but only 26% for Yahoo. A third of respondents (32%) said they are now investing less in Yahoo than they were a year ago.
- More than half of advertisers (56%) and agencies (62%) say that Google keywords have become more expensive over the last year. Meanwhile, only around a third of advertisers note an increase in Yahoo (32%) and Bing (29%) keyword costs.

**Budgets, spending and ROI**

- On average, companies expect to spend 43% more on SEO in 2010 than they did in 2009 (44% specifically for North America), a big rise but slightly lower than the expected 46% increase for 2009 when this survey was last conducted.
- More than half of companies (52%) expect to spend more on SEO in 2010 than in 2009, and this compares to only 9% who expect to spend less. Some 39% of respondents say they will ‘spend about the same.’
- The SEO market is more buoyant than in 2009, when only two out of five advertisers said they anticipated increased spending.
- On average, companies expect to spend 37% more on paid search in 2010 than they did in 2009 (38% for North America). This is a substantial increase on the equivalent 22% average increase expected for 2009.
- Half of companies (50%) surveyed expect to spend more on paid search in 2010 compared to 2009, compared to 16% who say they will spend less. The remainder (34%) expect spending on pay-per-click (PPC) this year to remain the same.
• A fifth of companies (20%) spent at least $1 million a year on paid search in 2009.

• More than half of companies (55%) have observed an increase in keyword costs in the last 12 months, compared to only 13% who say costs have gone down. Around a third (32%) report that costs are about the same.

• **Social media marketing** budgets are still modest compared to search engine optimization and paid search. Three quarters of companies (73%) had a budget of less than $25,000 for social media marketing in 2009, including 23% who said their budget for this was zero.

• Around a third (37%) of companies say the budget for social media marketing will be the same in 2010, while 59% say budgets will increase. Only 4% say budgets will be less this year.

• **Measurement of return on investment** (ROI) is the biggest challenge faced by marketers seeking to improve their search marketing and social media efforts. For SEO, 42% of respondents say ROI measurement is one of their three biggest challenges, while 43% cite this problem for paid search.

• For social media marketing, this problem is particularly evident, with 63% saying this is one of their biggest three challenges. The next biggest challenge for those carrying out social media marketing is ‘making the business case for investment’ with 38% of companies saying this is a major issue.

**Other findings include:**

• The number of companies who engage in **search engine optimization** (90%) has remained steady since 2007, while the proportion of companies carrying out paid search marketing (now 81%) has increased from 78% in 2009 and 70% in 2008.

• The proportion of agencies carrying out SEO for clients is now 88% compared to 89% in 2009. For paid search, the percentage has decreased from 86% to 76%.

• The majority of companies (53%) carrying out search engine marketing are not using a **third-party bid management technology** for paid search marketing, relying instead on **search engine tools and Excel**. This percentage has decreased slightly from 57% in 2010.

• Almost half of agency respondents (48%) say that **social media is very much part of their social media activity**, compared to 33% of companies who say that is the case. Half of company respondents (49%) say they **treat social media and search engine marketing separately**, while 39% of agencies say they are separate.

• Agencies are significantly more likely to say that the **rise of social media has had a significant impact on their search engine marketing**. Only half of company respondents (52%) say that social media has had a moderate or huge impact, compared to 74% of agencies.

• Three quarters of companies are using **Facebook** (74%) and **Twitter** (73%) to promote their brands or companies.

• From a range of trends and marketplace developments, company respondents are most likely to say that the **personalization of search results** is having an impact. Just under a third of companies (31%) say this is ‘highly significant’ and a further 44% say it is ‘significant’.
Other related Econsultancy reports and content

Internet Statistics Compendium

Search Engine Marketing Statistics
http://econsultancy.com/reports/search-marketing-statistics

Search Engine Optimization Best Practice Guide

Paid Search Marketing Best Practice Guide

Value of Social Media Report

Search Engine Marketing: SEO - Digital Template files
http://econsultancy.com/reports/search-engine-marketing-seo-digital-marketing-template-files

Search Engine Marketing: Paid Search – Digital Template files
http://econsultancy.com/reports/search-engine-marketing-ppc-digital-marketing-template-files

The Innovation Report
http://econsultancy.com/reports/innovation-report
2. Introduction by Econsultancy

The long view is rare in digital marketing. That’s why SEMPO’s State of Search Engine Marketing survey becomes more useful with every edition. Now with six years of history, data and depth, the survey puts the industry in context and helps distinguish transitory news items from emerging trends.

After several years of relative stability, search marketing has entered a period of rapid change. Not long ago, most searches would return similar text results for any two searchers. Today, that same search produces personalized results that are full of images, videos and social commentary, maps and other localizations.

Overlaying the evolution of search itself is the migration of searchers from the desktop to wherever they happen to be. The explosion of mobile computing power and accessibility means that the digital real estate boom is moving to the small screen. Natural search results were already encountering heavy competition from universal search on the desktop; how many are making it to mobile screens?

For the user these innovations are a bonanza. They’re able to get relevant, varied and valuable information that’s informed by social connections and delivered anywhere. But for marketers, an already complex mix of art and science is getting even more complicated.

As much as many would like to say that search optimization is as simple as providing great content, that’s only half the battle. Tagging, titling and content strategy are more demanding and more necessary than ever, as search expands to include new content types.

Perhaps the best news for all stakeholders is that it’s going to be much harder to game the system. What does it mean to get into the “top three” results when search pages are unique to the searcher and framed by their social networks?

The 1,500 respondents to this year’s survey are clearly aware of the major changes taking place in the world of search. They cite personalization and local/mobile as the major trends affecting them. Fortunately, unlike the emerging industry that responded to the first SEMPO survey in 2003, this year’s respondents view change through the lenses of experience and opportunity.

Econsultancy is very pleased to have worked with SEMPO on such a long-standing and important piece of research.

Stefan Tornquist
Research Director, US
Econsultancy
3. Introduction by SEMPO

SEMPO is pleased to release the 2010 State of the Market Survey. Now in its sixth year, the report has become the search marketing industry’s measuring stick for spending, staffing, trends and projections.

This year we were thrilled to have a record number of respondents, as well as a record number of countries participating in the survey. The pages that follow are based on the input of 1,472 agencies and client side marketers from 68 countries. For those who did participate, SEMPO thanks you wholeheartedly.

So what is this plethora of data telling us about what’s in store for 2010?

1. “Measuring the ROI” (Return On Investment) is the number one challenge search marketers are facing this year.

While this seems to be an obvious reflection of today’s economic environment, it is important to note as it will likely continue to drive budget decisions. This bodes well for the continued growth of the search industry as evidenced by the projected increased investment in search tactics. Also, the data suggest a continuing trend shift in marketing budgets, most notably from print and direct mail to search. While this might not be a surprise to the search marketer, it was just a few years ago that a company’s search spend was primarily made up of leftovers from the traditional media budget.

2. New to the report are more in-depth looks at social media marketing as a complement tactic to search optimization and paid search marketing programs.

While spending is still modest, many do look forward to increasing investment in social media efforts this year. To provide some perspective, 18 months ago Twitter was not even within the consideration set of viable social media sites. Today 73% of companies and 80% of agencies are using Twitter to market brands.

3. The rise of social is a good reminder that search marketing is anything but static.

As such, we close this year’s report with some forward-looking stats regarding the technologies and trends most likely to impact search marketers in the near future. In this section, respondents weighed in on the rise of local search, the mobile internet, real-time search and behavioral targeting, among others.

We do hope that you find the data actionable and supportive of your individual search marketing efforts, and encourage you to use it for stimulating ongoing conversations within your local search community.

Marc Engelsman, SEMPO Research Committee
Sara Holoubek, SEMPO President, 2009-2010
4. About Econsultancy

Econsultancy is a digital publishing and training group used by more than 200,000 Internet professionals every month.

The company publishes practical and time-saving research to help marketers make better decisions about the digital environment, build business cases, find the best suppliers, look smart in meetings and accelerate their careers.

Econsultancy has offices in New York and London, and hosts more than 100 events every year in the US and UK. Many of the world's most famous brands use Econsultancy to educate and train their staff.

Some of Econsultancy’s members include: Google, Yahoo, Dell, BBC, BT, Shell, Vodafone, Virgin Atlantic, Barclays, Deloitte, T-Mobile and Estée Lauder.

Join Econsultancy today to learn what’s happening in digital marketing – and what works.

Call us to find out more on +1 212 699 3626 (New York) or +44 (0)20 7269 1450 (London). You can also contact us online.
5. About SEMPO

Search Engine Marketing Professional Organization (SEMPO) Mission: SEMPO is a global non-profit organization serving the search engine marketing industry and marketing professionals engaged in it.

Our purpose is to provide a foundation for industry growth through building stronger relationships, fostering awareness, providing education, promoting the industry, generating research, and creating a better understanding of search and its role in marketing.

SEMPO was founded in 2002, when the search marketing industry was relatively small and unknown. Since this time, the industry and SEMPO have flourished. SEMPO now boasts members in over 40 countries around the world and active working groups from Singapore to Scandinavia to Chicago.

For more information, please visit www.SEMPO.org
6. Methodology and Sample

6.1. Methodology

The State of Search Report is based on an online survey of nearly 1,500 client-side marketers (advertisers) and agency respondents, which took place in January and February 2010. SEMPO and Econsultancy promoted the survey to their respective members, offering a complimentary copy of this report as the incentive for taking part.

It should be pointed out that this year’s survey was carried out slightly later than in previous years, with previous surveys going live before the end of the year.

We would like to thank those who promoted the survey and those who took the time to complete the questionnaire, and also SEMPO members who promoted the survey to their clients. If you have any questions about the research and methodology, please email Linus Gregoriadis at Econsultancy (Linus@econsultancy.com).

6.2. Respondent profiles

A total of 1,472 respondents took part in the survey, including 527 advertisers and 944 supply-side respondents carrying out search engine marketing on behalf of clients (including agencies or consultants). For the purposes of this report, we have carried out separate analysis for both these groups and the distinction is abbreviated to “companies” (including not-for-profit organizations) and “agencies”.

6.2.1. Type of organization

Figure 1 below shows supply-side (agency) respondents account for 64% of the sample, and company (advertiser) respondents account for just over a third of the total (36%).

Figure 1: Which of the following most accurately describes your job role?

- Advertiser - organization which carries out search engine marketing / SEO (client-side)
- Agency or consultant - carrying out search engine marketing on behalf of clients (supply-side)
6.2.2. Business sector

The best represented sectors are consultancy / marketing services (12%), retail (10%) and financial services including insurance (8%). ‘Other’ sectors represented include information technology, software and education.

Companies

Figure 2: In which business sector is your organization?
6.2.3. **Business focus**

Just under half of respondents (46%) are focused mainly on *business-to-business*, compared to around a third (35%) who are *business-to-consumer* focused. Around a fifth (18%) are focused on *B2B and B2C equally*.

Companies

Figure 3: Is your business focused on B2B or B2C?

![Chart showing distribution of business focus](chart.png)

- **Mainly business-to-business**: 46%
- **Mainly business-to-consumer**: 35%
- **B2B and B2C equally**: 18%

*Respondents: 386*
6.2.4. **Type of agency**

*Figure 4* shows the types of agencies represented by supply-side respondents. *Full-service digital agencies* account for 30% of the sample.

A fifth of supply-side respondents (21%) work for *search marketing agencies*, and a further 12% work for *search engine optimization specialists*. Only 4% work for *paid search* specialist agencies. *Other* types of supply-side respondents include *marketing consultants* and *web consultants*.

*Figure 4*: Which of the following best describes your agency or business?

[Bar chart showing percentages of agency types with Full-service digital agency at 30%, SEO specialist at 21%, Advertising agency at 12%, Web design agency at 6%, Media agency at 6%, Paid search specialist at 5%, Social media agency at 4%, Other at 13% with Respondents: 690]
6.2.5. Geography

This table shows the number of respondents from each of the 68 countries represented in this research.

<table>
<thead>
<tr>
<th>Country</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>558</td>
</tr>
<tr>
<td>Canada</td>
<td>92</td>
</tr>
<tr>
<td>UK</td>
<td>82</td>
</tr>
<tr>
<td>Brazil</td>
<td>54</td>
</tr>
<tr>
<td>Australia</td>
<td>28</td>
</tr>
<tr>
<td>India</td>
<td>28</td>
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<tr>
<td>Czech Republic</td>
<td>17</td>
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<tr>
<td>Italy</td>
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<td>Spain</td>
<td>15</td>
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<tr>
<td>Netherlands</td>
<td>12</td>
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<tr>
<td>South Africa</td>
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<td>France</td>
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<td>Germany</td>
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<td>Norway</td>
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<td>Belgium</td>
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<td>Russia</td>
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<td>New Zealand</td>
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<td>Sweden</td>
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<td>Thailand</td>
<td>3</td>
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<tr>
<td>UAE</td>
<td>6</td>
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<tr>
<td>Denmark</td>
<td>5</td>
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<tr>
<td>Mexico</td>
<td>5</td>
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<tr>
<td>Argentina</td>
<td>4</td>
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<td>Austria</td>
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<td>Chile</td>
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<td>Greece</td>
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<td>India</td>
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<td>Japan</td>
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<td>Poland</td>
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<td>South Korea</td>
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<td>Singapore</td>
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<td>Colombia</td>
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<td>Hungary</td>
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<td>Brazil</td>
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<td>Thailand</td>
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<td>Hong Kong</td>
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<td>China</td>
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<td>Vietnam</td>
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<tr>
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<td>Bulgaria</td>
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<td>Cyprus</td>
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<td>Latvia</td>
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<td>Netherlands</td>
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<td>Panama</td>
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<td>Russia</td>
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<td>Sweden</td>
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<td>Portugal</td>
<td>1</td>
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<tr>
<td>Dominican Republic</td>
<td>1</td>
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<td>Switzerland</td>
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</tbody>
</table>

US-based respondents make up 59% of the company sample and 47% of the agencies surveyed. Looking at the client-side sample [Figure 5], the next best represented countries are Canada (8%) and the United Kingdom (7%). Respondents from Brazil account for 6% of the supply-side respondents [Figure 6].

Please note that not all respondents indicated which country they come from.

Companies

Figure 5: In which country/region are you (personally) based?

Respondents: 389
Agencies

Figure 6: In which country/region are you (personally) based?

[Bar chart showing percentage breakdown by country/region with USA at 47%, Canada at 9%, UK at 9%, Brazil at 6%, India at 3%, Australia at 2%, Italy at 1%, France at 1%, Spain at 1%, Germany at 1%, Russia at 1%, Argentina at 1%, China at 1%, and other at 15%. Respondents: 700]
6.2.6. **Size of company by revenue**

*Figure 7* shows the split of companies by annual revenue. A fifth of client-side respondents work for companies with annual income totaling less than $1 million a year. At the other end of the spectrum, 36% have an annual income of more than $100 million and 15% earn more than $1 billion.

Companies
*Figure 7: What is your annual company revenue?*

<table>
<thead>
<tr>
<th>Annual Revenue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $1 million</td>
<td>20%</td>
</tr>
<tr>
<td>$1m - $10m</td>
<td>23%</td>
</tr>
<tr>
<td>$10m - $100m</td>
<td>21%</td>
</tr>
<tr>
<td>$100m - $1 billion</td>
<td>21%</td>
</tr>
<tr>
<td>More than $1 billion</td>
<td>15%</td>
</tr>
</tbody>
</table>

*Respondents: 388*
6.2.7. **Size of company by number of employees**

*Figure 8 shows the spread of companies surveyed by number of employees. Companies with less than 100 employees make up 48% of the sample.*

**Companies**

**Figure 8: How many employees are there in your organization?**

![Bar chart showing the distribution of company size by number of employees.](chart.png)

**Respondents:** 386
6.2.8. Size of agency by number of employees

Exactly half of supply-side respondents work for companies with fewer than 10 employees. A quarter (26%) work for organizations with between 10 and 50 employees.

Agencies

Figure 9: How many employees are there in your organization?

![Bar chart showing the distribution of agency size by number of employees.](chart.png)

Respondents: 693
7. Findings

7.1. Paid search, SEO or social media?

7.1.1. Type of marketing carried out by companies

*Figure 10* shows the proportion of companies carrying out paid search marketing, search engine optimization (organic or natural search) and social media.

The number of responding companies who engage in SEO (90%) has remained steady since 2007 [*Figure 11*], while the proportion of companies carrying out paid search marketing (now 81%) has increased from 78% in 2009 and 70% in 2008.

The proportion of agencies carrying out paid and natural search for clients is shown in *Figure 12*. For SEO, the figure is 88% compared to 89% in 2009. For paid search, the percentage has decreased from 86% to 76%. The evidence suggests that paid search marketing is being concentrated in fewer hands, even though more companies than ever are engaged in this activity.

**Companies**

*Figure 10*: Which of the following types of activity does your organization carry out?

Respondents: 527
Company trends

Figure 11: Which of the following types of activity does your organization carry out?

7.1.2. Services offered by agencies

Agencies

Figure 12: Which of the following types of activity does your company manage on behalf of clients?
Agency trends

Figure 13: Which of the following types of activity does your organization manage on behalf of clients?
7.2. Budgets

7.2.1. Budget for search engine optimization in 2009

Figure 14 shows how much companies spent on search engine optimization last year. Just over half of companies are spending either nothing (9%) or less than $25,000 (43%).

A third of companies (31%) are spending between $25,000 and $150,000 annually on SEO.

Figure 14: What was your company's budget for search engine optimization (organic search) in 2009? (Including agency, staff and technology costs)
Companies - US and Canada only

Figure 15: What was your company's budget for search engine optimization (organic search) in 2009? (Including agency, staff and technology costs)

[Bar chart showing budget distribution]

Respondents: 262

Figure 16: Spend on search engine optimization by company size (revenue)

[Bar chart showing spend distribution by company size]

Respondents: 262
7.2.2. Proportion of SEO budget spent with agencies

*Figure 17* shows the percentage of SEO budget being spent with agencies. Forty-three per cent of companies do not spend any of their natural search budgets with agencies, and a further 19% spend something but less than 10% with service providers.

At the other end of the scale, 11% of responding companies spend between 91% and 100% of their SEO budget with agencies.

**Companies**

*Figure 17: What percentage of your SEO budget is spent with an agency or agencies?*

![Bar chart showing the distribution of SEO budget spent with agencies.](chart.png)

Respondents: 416
7.2.3. Change in budgets for search engine optimization

More than half of companies (52%) expect to spend more on SEO in 2010 than in 2009, and this compares to only 9% who expect to spend less. Some 39% of respondents say they will 'spend about the same'.

The SEO market is more buoyant than last year when only two out of five advertisers said they anticipated greater spending in 2009.

On average, companies expect to spend 43% more on SEO in 2010 than they did in 2009, a big rise but slightly lower than the expected increase for 2009 when this survey was last carried out [Figure 20]. This figure compares to 37% for paid search (up from 22% in 2009).

Companies

Figure 18: How much more or less do you expect to spend on search engine optimization in 2010 compared to 2009?

Respondents: 417
Companies - US and Canada only

Figure 19: How much more or less do you expect to spend on search engine optimization in 2010 compared to 2009?

Company trends

Figure 20: How much more or less do you expect to spend on search engine marketing this year compared to last year? (Average)
Companies - 2009 results for comparison

Figure 21: How much more or less do you expect to spend on search engine optimization in 2009 compared to 2008?

Figure 22 shows the supply-side perspective on changes in SEO spending this year. More than two thirds (69%) of agency respondents anticipate their clients will spend more on SEO this year. Nearly a quarter (23%) say spending will be ‘about the same’, and only 8% say their clients will spend less.

Agencies

Figure 22: How much more or less do you expect your clients to spend on search engine optimization in 2010 compared to 2009?
7.2.4. Expected search engine optimization billings

Just under half (47%) of responding agencies say their income from SEO will be less than $100,000 in 2010. Only 13% of agencies expect to bill more than $1 million for SEO in 2010.

Agencies

Figure 23: What do you expect your firm’s gross billings will be in 2010 that are attributable to search engine optimization programs?

Respondents: 703
7.2.5. Budget for paid search in 2009

*Figure 24* shows 2009 budgets for paid search, including media, agency, staff and technology costs. A fifth of companies (20%) spent at least $1 million a year on paid search.

**Companies**

*Figure 24: What was your company's budget for paid search (PPC) in 2009? (Including media, agency, staff and technology costs)*

![Bar chart showing budget distribution for paid search in 2009](chart-url)
Figure 25: Budget for paid search by company size (revenue)

US and Canada

Figure 26: What was your company's budget for paid search (PPC) in 2009? (Including media, agency, staff and technology costs)
Agencies

Figure 27: Approximately how much will your average client spend with you gross on paid search programs in 2010?

Respondents: 600
7.2.6. Change in budgets for paid search

Half of companies (50%) surveyed expect to spend more on paid search in 2010 compared to 2009, compared to 16% who say they will spend less. The remainder (34%) expects spending on PPC this year to remain the same.

Companies

Figure 28: How much more or less do you expect to spend on paid search in 2010 compared to 2009?

Respondents: 373

Companies - US and Canada only

Figure 29: How much more or less do you expect to spend on paid search in 2010 compared to 2009?

Respondents: 262
Companies - 2009 results for comparison

Figure 30: How much more or less do you expect to spend in 2009 compared to 2008 for paid placement?

Agencies

Figure 31: How much more or less do you expect your clients to spend on paid search in 2010 compared to 2009?

Note: percentage bands for the 2010 research differ slightly from those used in the 2009 study.

Respondents: 600
7.2.7. Expected paid search billings

More than a quarter of agencies (27%) carrying out paid search marketing expect to bill at least $1 million for this service in 2010.

Agencies

Figure 32: What do you expect your firm’s gross billings to be in 2010 that are attributable to paid search programs?

Respondents: 595
7.2.8. Change in prices for paid search ads

More than half of companies (55%) have observed an increase in keyword costs in the last 12 months, compared to only 13% who say costs have gone down. Around a third (32%) say costs are about the same.

*Figure 35* shows the corresponding results for agencies. A larger proportion of agency respondents (68%) say keyword costs have gone up. This figure increased from 56% in 2009.

**Companies**

*Figure 33*: Have you observed a change in the prices for paid search ads for the keywords you routinely bid on? Compared to 12 months ago, costs are now ...

<table>
<thead>
<tr>
<th>Change in Prices</th>
<th>50% or less</th>
<th>10% less</th>
<th>20% less</th>
<th>More than 50%</th>
<th>About the same</th>
<th>10% more</th>
<th>20% more</th>
<th>30% more</th>
<th>40% more</th>
<th>50% to 100% more</th>
<th>Twice as much</th>
<th>More than twice as much</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents:</td>
<td>1%</td>
<td>1%</td>
<td>5%</td>
<td>5%</td>
<td>32%</td>
<td>21%</td>
<td>13%</td>
<td>10%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>0%</td>
</tr>
</tbody>
</table>
US and Canada
Figure 34: Have you observed a change in the prices for paid search ads for the keywords you routinely bid on? Compared to 12 months ago, costs are now ...

Agencies
Figure 35: Have you observed a change in the prices for paid search ads for the keywords you routinely bid on? Compared to 12 months ago, costs are now ...
Agencies - 2009 results for comparison

Figure 36: Have you observed a change in the prices for paid search ads for the keywords you routinely bid on? Compared to 12 months ago, costs are now ...

![Graph showing percentage bands for prices change]

Note: percentage bands for the 2010 research differ slightly from those used in the 2009 study
7.2.9. Proportion paid to SEM service provider

The chart below shows the percentage typical paid to a SEM service provider for paid search programs on top of the ad spend with search engines. Just over a quarter of advertisers (37%) pay their agencies a flat fee.

Companies

Figure 37: What is the typical percentage you pay to your SEM service provider for paid search programs on top of the ad spend with search engines?

[Diagram showing the distribution of payments to SEM service providers.]

Respondents: 337
Company trends

Figure 38: What is the typical percentage you pay to your SEM service provider for paid search programs on top of the ad spend with search engines?

Agencies

Figure 39: What is the typical percentage you charge for paid search on top of the ad spend with search engines?
7.2.10. **Flexibility of paid search programs**

Respondents were asked how much flexibility they have to change paid search marketing budgets based on ongoing return on investment.

Encouragingly, only 5% of companies said they had “no flexibility” compared to 50% who have “a great deal of flexibility” and 44% who have “some flexibility”.

The supply-side perspective on this [Figure 41] is also positive, with 96% of agency respondents saying their clients have full flexibility (36%) or some flexibility (60%).

Companies

Figure 40: How much flexibility do you have to change paid search marketing budgets based on on-going return on investment (ROI)?

![Chart showing flexibility levels for paid search marketing budgets]

- No flexibility
- Some flexibility
- A great deal of flexibility - budgets depend entirely on ROI

Respondents: 345
Agencies

Figure 41: How much flexibility do your clients have to change paid search marketing budgets based on on-going return on investment (ROI)?

- No flexibility
- Some flexibility
- A great deal of flexibility - budgets depend entirely on ROI

Respondents: 570
7.2.11. **Budget for social media marketing in 2009**

Social media marketing budgets are still modest compared to search engine optimization and paid search. Three quarters of companies (73%) had a budget of less than $25,000 for social media marketing in 2009, including 23% who said their budget for this was zero.

*Figure 44* shows the breakdown of results by size of companies.

**Company**

**Figure 42:** What was your company's budget for social media marketing in 2009?

<table>
<thead>
<tr>
<th>Budget Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero</td>
<td>50%</td>
</tr>
<tr>
<td>$1-$25,000</td>
<td>23%</td>
</tr>
<tr>
<td>$26,001-$50,000</td>
<td>12%</td>
</tr>
<tr>
<td>$50,001-$150,000</td>
<td>7%</td>
</tr>
<tr>
<td>$150,001-$500,000</td>
<td>2%</td>
</tr>
<tr>
<td>$500,001-$1 million</td>
<td>1%</td>
</tr>
<tr>
<td>$1 million - $3 million</td>
<td>2%</td>
</tr>
<tr>
<td>More than $3 million</td>
<td>1%</td>
</tr>
</tbody>
</table>

*Respondents: 304*
US and Canada

Figure 43: What was your company's budget for social media marketing in 2009?

Figure 44: Budget for social media market by company size (revenue)
7.2.12. Change in social media spend

*Figure 45* shows the anticipated change in spending on social media marketing in 2010. Around a third (37%) of respondents say the budget will be the same, while 59% say budgets will increase. Only 4% say budgets will be less this year.

Agencies [*Figure 47*] are more bullish about the outlook for social media marketing in 2010, with 85% saying they expect increased spend this year. Fifteen per cent of agency respondents say their clients will spend at least twice as much on social media marketing in 2010.

**Companies**

*Figure 45*: How much more or less do you expect to spend on social media marketing in 2010 compared to 2009?

![Bar chart showing the anticipated change in spending on social media marketing in 2010. Around a third (37%) of respondents say the budget will be the same, while 59% say budgets will increase. Only 4% say budgets will be less this year.](image)
US and Canada

Figure 46: How much more or less do you expect to spend on social media marketing in 2010 compared to 2009?

Agencies

Figure 47: How much more or less do you expect your clients to spend on social media marketing in 2010 compared to 2009?
7.2.13. Expected social media billings

Figure 48 shows expected social media marketing billings in 2010. The majority of agencies (60%) carrying out social media marketing on behalf of clients expect to earn less than $100,000 from this business in 2010.

Around a quarter of agencies (27%) say they will earn between $100,001 and $500,000, while 13% will earn in excess of half a million dollars from social media activities this year.

Agencies

Figure 48: What do you expect your firm’s gross billings will be in 2010 that are attributable to social media marketing?

[Bar chart showing distribution:
- 60% less than $100,000
- 27% $100,001 to $500,000
- 7% $500,001 to $1 million
- 3% $1 million - $5 million
- 2% $5 million - $10 million
- 1% More than $10 million

Respondents: 534]
7.2.14. **Budget for paid search programs**

*Figure 49 shows whether paid search budget is newly allocated budget, money shifted away from other marketing budgets, or a combination of new and re-allocated budget.*

Just under half of company respondents (45%) say this budget is a combination of new and re-allocated budget, and this percentage has increased from 38% in 2009 [*Figure 50]*.

The proportion of respondents who say this is newly allocated budget has decreased from 36% in 2009 to 30% this year.

The majority of agency respondents (58%) say that funds for clients’ paid search programs are typically a mixture of new and re-allocated budget [*Figure 51]*.

**Companies**

*Figure 49: Where is the budget coming from for your paid search programs?*

![Bar chart showing budget distribution]

- **45%**: A combination of new and re-allocated budget
- **30%**: Newly allocated budget specifically for paid search
- **25%**: Money shifted away from other marketing budgets

Respondents: 346
Company trends

Figure 50: Where is the budget coming from for your paid search programs?

Agencies

Figure 51: Where is the budget coming from for your clients’ paid search programs?

Respondents: 571
7.2.15. **Budget for SEO programs**

Budget for search engine optimization is more likely to be *newly allocated* than it is for paid search (39% for SEO compared to 30% for PPC). A third of companies (33%) say budget for SEO is a *combination* of newly allocated budget, money shifted away from other marketing budgets and money shifted from other web site programs.

Only 23% of agencies [*Figure 54*] say client money spent on SEO is newly allocated budget compared to 35% who say this is money shifted from other marketing budgets or web programs, and 41% who say it is “a combination”.

**Companies**

**Figure 52**: Where is the budget coming from for your SEO programs?
Company trends

Figure 53: Where is the budget coming from for your SEO programs?

Agencies

Figure 54: Where is the budget coming from for your clients’ SEO programs?

Respondents: 671
7.2.16. Shift in budget

Companies continue to shift money from other marketing and IT activity into search engine marketing.

Around half of companies (49%) who are re-allocating budgets to SEM are moving it from print advertising. More than a third (36%) are shifting money from direct mail, and almost a quarter are moving budgets from conferences and exhibitions (24%) and web display advertising (23%).

Agency respondents [Figure 56] see the print advertising sector even more heavily hit, with 69% of supply-side respondents noticing a shift of budget from newspapers and magazines into search engine marketing.

Agencies are much more likely than company respondents to see money coming from print yellow page advertising (45% compared to 21% for company respondents).

Companies

Figure 55: From which marketing/IT programs are you shifting budget away and moving it to your search marketing programs?
Agencies

Figure 56: From which marketing/IT programs are your clients shifting budget away and moving it to their search marketing programs?

Respondents: 565
7.3. Search engines

7.3.1. Search engines used for advertising

Google’s dominance is clear from the chart below, which shows that 97% of companies pay to advertise on Google AdWords.

Just under three-quarters of companies (71%) pay to advertise on the Google search network, while 56% use the Google content network (keyword targeted).

Half of responding companies (50%) use Yahoo! Search, and this percentage has dropped from 68% in 2009 [Figure 58] and 86% in 2008.

The proportion of advertisers who say they use Microsoft’s Bing search engine stands at 44%, compared to 54% who said they used Microsoft Live (MSN) search in 2009.

Companies

Figure 57: Which of the following search engines do you pay to advertise on?

Respondents: 333
Company trends

Figure 58: Which of the following search engines do you pay to advertise on?

Agencies

Figure 59: Which of the following search engines do your clients pay to advertise on?

Respondents: 550
7.3.2. Change in investment in search engines

More than half of company respondents (55%) are now investing more in *Google* than they were a year ago. This compares to 47% for *Bing* (Microsoft) and only 26% for *Yahoo*.

A third of respondents (32%) said they are now investing less in *Yahoo* than they were a year ago.

The perspective of supply-side respondents [*Figure 61*] is similar, though with greater percentages of respondents saying investment in *Google* and *Yahoo* has increased.

Two thirds of agency respondents (67%) say clients are now investing more in *Google* than they were in 2009, and more than half (54%) say they are investing more in *Bing*.

Only 19% of agency clients are investing more in *Yahoo*, while 43% say their clients are investing less.

Companies

*Figure 60*: Are you investing more or less in the following search engines than you were a year ago? [For paid search]
Agencies

Figure 61: Are your clients investing more or less in the following search engines than they were a year ago? [for paid search]
7.3.3. Paid search conversion rates

Both advertisers and agencies are more likely to say that paid search conversion rates for Google and Microsoft have improved since 2009, rather than deteriorated.

Forty-one per cent of advertisers say that conversion rates for Google are better than a year ago, compared to 17% who say they are worse.

This compares to 38% of advertisers who say that Microsoft traffic is now converting better and 15% who say it is worse.

For Yahoo, the picture is again negative, with 28% of advertisers saying conversion rates are worse and only 22% saying they are better.

Companies

Figure 62: Are your paid search conversion rates from these search engines better or worse than they were a year ago?
Agencies

Figure 63: Are your clients’ paid search conversion rates from these search engines better or worse than they were a year ago?

Respondents: 544
7.3.4. Change in prices for keywords

More than half of advertisers (56%) and agencies (62%) say that Google keywords have become more expensive over the last year.

Meanwhile, only around a third of advertisers [Figure 64] note an increase in Yahoo (32%) and Bing (29%) keyword costs.

Agencies [Figure 65] are also much more likely to have noted an increase in Google keyword costs in the last year, compared to Yahoo and Microsoft.

Companies

Figure 64: How have prices changed in the last year for the keywords you routinely bid on?

![Bar chart showing the percentage change in keyword prices for Google, Yahoo, and Bing.]

- Google: 7% increased, 37% stayed the same, 56% decreased
- Yahoo: 10% increased, 32% stayed the same, 58% decreased
- Bing (Microsoft): 6% increased, 25% stayed the same, 65% decreased

Respondents: 332
Agencies

Figure 65: How have prices changed in the last year for the keywords you routinely bid on?
### 7.3.5. Return on investment from search engines

From the advertiser perspective, Google and Microsoft are fairly evenly matched in terms of return on investment (ROI) compared to a year ago.

A third of advertisers (36%) say ROI from Google has improved since 2009, compared to 22% who say it has deteriorated. Similarly, 34% say ROI from Microsoft is better than 12 months ago though only 17% say that it has got worse.

Again, Yahoo fares badly with 27% of advertisers saying ROI is worse compared to 24% who say it is better.

From the agency perspective [Figure 67], the story for Bing is particularly positive with 43% saying that ROI from Microsoft’s search engine has improved and only 12% saying it has got worse.

**Companies**

Figure 66: How does return on investment from the following search engines compare to a year ago? [For paid search]
Agencies

Figure 67: How does return on investment from the following search engines compare to a year ago? [For paid search]
7.4. Objectives and metrics

7.4.1. Objectives from search engine optimization

Survey respondents were asked what their most important and second most important objectives were from search engine optimization.

*Generating leads* is the most commonly cited primary objective from SEO, with 34% saying this is their top priority. A further 18% say this is their second most important objective.

*Driving traffic* (32%) is the second most likely primary objective, but a further 36% say this is their second most important objective.

A quarter of respondents (26%) say their main goal from natural search is *selling products, services or content directly online*.

*Increased brand awareness and enhanced reputation* is much more likely to be a secondary objective than the primary SEO goal.

The supply-side perspective [*Figure 70*] is similar, with generation of leads again the most frequently cited main objective.

**Figure 68: What objectives is your company trying to achieve through search engine optimization?**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Most important</th>
<th>2nd most important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generate leads</td>
<td>34%</td>
<td>18%</td>
</tr>
<tr>
<td>Drive traffic to website</td>
<td>36%</td>
<td>32%</td>
</tr>
<tr>
<td>Sell products, services or content directly online</td>
<td>26%</td>
<td>15%</td>
</tr>
<tr>
<td>Increase brand awareness / enhance reputation</td>
<td>28%</td>
<td>6%</td>
</tr>
<tr>
<td>Improve customer service / customer satisfaction</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>

*Respondents: 365*
Companies - 2009 results for comparison

Figure 69: What is your company using search engine marketing to accomplish?

Note: The 2009 survey had slightly different options, and did not distinguish between paid search and natural search

Agencies

Figure 70: What objectives are your clients trying to achieve through search engine optimization?
7.4.2. Objectives from paid search

The selling of products, services and content online (39%) is the most important objective of paid search marketing, closely following by lead generation (37%).

Driving traffic and increasing brand awareness are most likely to be secondary objectives from PPC activity. A quarter (25%) of companies say that brand awareness is the second most important objective from PPC activity, and 39% say increased traffic is the second most important priority.

Looking at the agency data [Figure 72], the picture is very similar with two thirds (66%) saying selling products or services is the first or second most important objective for their clients, and 72% saying lead generation is one of the top two goals.

Companies

Figure 71: What objectives is your company trying to achieve through paid search?
Agencies

Figure 72: What objectives are your clients trying to achieve through paid search?

- 43% Sell products, services or content directly online
- 40% Generate leads
- 32% Drive traffic to website
- 28% Increase brand awareness / enhance reputation
- 17% Improve customer service / customer satisfaction
- 12% Increase sales

Respondents: 532
7.4.3. Objectives from social media marketing

*Increased brand awareness and enhanced reputation* is a much more important objective for social media marketing than it is for paid and natural search.

Around half of company respondents (51%) and 57% of agency respondents [Figure 74] say branding is the single most important objective of social media activity.

*Improved customer service and satisfaction* is also a more significant objective for social media than for social media activity, with 29% of companies and 18% of agencies deeming this to be one of the top two goals from this type of marketing.

Figure 73: What objectives is your company trying to achieve through social media marketing?
Agencies

Figure 74: What objectives are your clients trying to achieve through social media marketing?

- Increase brand awareness / enhance reputation: 57%
- Generate leads: 22%
- Drive traffic to website: 13%
- Improve customer satisfaction: 24%
- Sell products, services or content directly online: 8%

Respondents: 499
7.4.4. Metrics for measuring search engine optimization

*Site traffic metrics, conversion rate and number of sales / leads* are the three most important metrics for measuring the success of search engine optimization programs.

Just under half of companies (49%) and agencies (47%) count site traffic among their top three objectives.

Companies are slightly more likely than agencies to count conversion rate as a crucial metric (42% compared to 38%), and slightly less likely to include number of sales / leads in their top three ways of measuring SEO success (37% compared to 45%).

**Figure 75: What are the three most important metrics you use for gauging the success of search engine optimization?**

![Graph showing the three most important metrics for measuring SEO success.](image)
Agencies

Figure 76: What are the three most important metrics your clients use for gauging the success of search engine optimization?

Respondents: 630
7.4.5. Metrics for measuring paid search marketing

Conversion rate is the most important metric for measuring paid search marketing success, with 58% of both companies and agencies saying this is one of their three most important metrics. Number of sales and return on investment are next in the order of importance.

Companies

Figure 77: What are the three most important metrics you use for gauging the success of paid search marketing?

Agencies

Figure 78: What are the three most important metrics your clients use for gauging the success of paid search marketing?
7.4.6. Metrics for measuring social media marketing

*Brand awareness* and *customer engagement* are the most important metrics for gauging the success of social media marketing, and this is consistent with the fact that objectives for social media are more likely to be softer for this type of activity than they are for search engine marketing where there is often a more tangible ROI.

Sixty-two per cent of companies and 68% of agencies [*Figure 80*] include brand awareness as one of their top three metrics for social media. Customer engagement is cited by 59% of companies and 60% of agencies.

*Site traffic metrics* is a key (top three) metric for 45% of companies and 40% of agencies, reflecting the fact that increasing the number of Web site visitors is an important objective for many companies engaging in social media activity.

**Figure 79:** What are the three most important metrics you use for gauging the success of social media marketing?

[Bar chart showing the top three metrics used by respondents for gauging the success of social media marketing.]

*Respondents: 280*
Agencies

Figure 80: What are the three most important metrics your clients use for gauging the success of social media marketing?

Respondents: 497
7.5. Resourcing and outsourcing

7.5.1. Employees with responsibility for search engine marketing

Two thirds of companies (67%) have at least two people responsible for search engine marketing.

Note: In the 2009 survey, respondents were asked how many full-time search marketing employees their organizations had, so results are not directly comparable.

Companies

Figure 81: How many people inside your organization have any responsibility for search engine marketing?

Figure 82: Number of people with responsibility for search marketing by company size (revenue)
7.5.2. **Search engine optimization service provision**

Around half of companies (51%) carry out search engine optimization in-house, with the remaining 49% outsourcing SEO to a variety of different types of agencies.

A fifth of respondents (20%) say they use an SEO specialist but this proportion increases to 41% if only companies who outsource search marketing are included. *Figure 83* shows a similar proportion of companies said they used an SEO specialist in 2009.

*Please note that the equivalent question in 2009 did not include “in-house” as an option, and was a checkbox (multiple option) question.*

**Companies**

**Figure 83:** What type of service provider, if any, do you use primarily for search engine optimization?

![Graph showing different service providers for search engine optimization](image)
Companies - 2009 results for comparison

Figure 84: What type of service provider, if any, do you use primarily for search engine optimization?

Note: this was a checkbox question in the 2009 research where respondents could check multiple options.
7.5.3. Paid search marketing service provision

Just under half of companies (47%) carry out their paid search activities in-house, with the remainder most likely to be using paid search specialists or more generic search agencies.

In 2009, companies were more likely to be using more generic search agencies [Figure 86]

*Please note that the equivalent question in 2009 did not include “in-house” as an option, and was a checkbox (multiple option) question.*

**Companies**

*Figure 85: What type of service provider, if any, do you use primarily for paid search marketing?*

![Diagram showing service provider usage](image-url)

Respondents: 393
Companies - 2009 results for comparison

Figure 86: What type of service provider, if any, do you use primarily for paid search marketing?

Note: this was a checkbox question in the 2009 research where respondents could check multiple options.
7.5.4. Social media marketing service provision

A larger proportion of companies (62%) do social media marketing internally than is the case for SEO and paid search. The marketplace is pretty fragmented in terms of which type of agency provides these services. Interestingly, only 5% of companies say their search agency (or SEO / PPC specialist) do this.

Companies

Figure 87: What type of service provider, if any, do you use primarily for social media marketing?
7.5.5. Use of technologies for paid search

The majority of companies (53%) conducting search engine marketing are not using a third-party technology for paid search marketing, relying instead on search engine tools and Excel. This percentage has decreased slightly from 57% in 2009 [Figure 89].

Figure 89 shows the largest companies (i.e. those with annual income of $1B) are more likely to license a technology from a third-party vendor, or have an agency which uses one.

Companies

Figure 88: Do you or your primary search engine marketing service provider use a special technology solution with features such as 'bid management', 'campaign management', 'portfolio management' and 'dynamic optimization' for paid search campaigns?
Company trends

Figure 89: Do you or your primary search engine marketing service provider use a special technology solution, with features such as 'bid management', 'campaign management', 'portfolio management' and 'dynamic optimization' for paid search campaigns?

Figure 90: Use of technology by company size (revenue)
Agencies

Figure 91: Do you use a special technology solution for paid search campaigns?

- **56%**: No, we manage campaigns only with basic tools (e.g. search engine tools and excel)
- **28%**: Yes, we license a tool from a third party vendor
- **18%**: Yes, we have built our own proprietary in-house solution

*Respondents: 522*
Typical fee structure for search engine optimization

Figure 92 shows that 40% of companies use flat agency fees to pay their search engine optimization providers, while just over a third (34%) bill by time and materials.

Companies

Figure 92: What is the typical fee structure you use to pay your search engine optimization providers?

Respondents: 390
Company trends

Figure 93: What is the typical fee structure you use to pay your search engine optimization providers?

Note: ‘Hybrid’ was a new option for 2010 and therefore cannot be compared to 2009. Multiple responses were allowed in 2009.

Agencies

Figure 94: What is the typical fee structure you use to charge clients for your search engine optimization services?

Respondents: 709
7.5.7. Typical fee structure for paid search marketing

Just under a third of companies (31%) work on a flat fee basis with agencies for their paid search marketing. The next most likely fee structure is percentage of media spend, used by 21% of companies.

Thirteen per cent of respondents say they are now using a hybrid model, which would typically be a mixture of an initial fee and then payment based on performance.

Companies

Figure 95: What is the typical fee structure you use to pay your paid search providers?

Respondents: 390
Company trends

Figure 96: What is the typical fee structure you use to pay your paid search providers?

Note: 'Hybrid' was a new option for 2010 and therefore cannot be compared to 2009. Multiple responses were allowed in 2009.

Agencies

Figure 97: What is the typical fee structure you use to charge clients for your paid search services?
Typical fee structure for social media marketing

As with paid search and SEO, social media service providers are most likely to be paid on a flat fee basis. The next most common model for this type of marketing is time and materials, used by around a quarter (27%) of companies.

Figure 98: What is the typical fee structure you use to pay your social media marketing providers?
Agencies

Figure 99: What is the typical fee structure you use to charge clients for your social media marketing services?

Respondents: 709
7.5.9. Challenges for managing search engine optimization

Measurement of return on investment is the biggest challenge faced by marketers seeking to improve their search marketing and social media efforts. For SEO, 42% of respondents say ROI measurement is one of their three biggest challenges, while 43% cite this problem for paid search [Figure 102].

In the realm of SEO, optimizing destination pages (42%) is as big a challenge as measurement of ROI. The third-equal biggest challenges are staying abreast of search engines’ indexing algorithms and technologies and researching and choosing optimal keyword phrases, both mentioned as top-three challenges by 34% of respondents.

According to agencies [Figure 101], the biggest challenges are measuring ROI and staying abreast of search engines’ indexing algorithms. Getting budget for SEO efforts is seen as a bigger problem for agency respondents (39% of agencies compared to 19% of companies).

Companies

Figure 100: What are your greatest challenges when managing your search engine optimization efforts?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measuring the ROI</td>
<td>42%</td>
</tr>
<tr>
<td>Optimizing destination pages</td>
<td>42%</td>
</tr>
<tr>
<td>Staying abreast of search engines’ indexing algorithms and technologies</td>
<td>34%</td>
</tr>
<tr>
<td>Researching and choosing optimal keyword phrases</td>
<td>34%</td>
</tr>
<tr>
<td>Integration and measurement with other online/offline marketing channels</td>
<td>25%</td>
</tr>
<tr>
<td>Making the business case for investment</td>
<td>20%</td>
</tr>
<tr>
<td>Getting budget</td>
<td>19%</td>
</tr>
<tr>
<td>Obtaining executive buy-in</td>
<td>13%</td>
</tr>
<tr>
<td>Hiring and retaining talent</td>
<td>11%</td>
</tr>
<tr>
<td>Determining whether to do in-house or outsource to an outside firm</td>
<td>8%</td>
</tr>
</tbody>
</table>

Respondents: 358

Note: respondents could check up to three options
Agencies

Figure 101: What are the greatest challenges your clients face when managing their search engine optimization efforts?

![Bar chart showing the greatest challenges faced by clients in managing SEO efforts](chart.png)

- Staying abreast of search engines' indexing algorithms and technologies: 40%
- Measuring the ROI: 40%
- Getting budget for SEO efforts: 30%
- Optimizing destination pages: 24%
- Integration and measurement with other online/offline marketing channels: 23%
- Researching and choosing optimal keyword phrases: 22%
- Making the business case for investment: 21%
- Obtaining executive buy-in: 19%
- Hiring and retaining talent: 15%
- Determining whether to do in-house or outsource to an outside firm: 13%

Note: respondents could check up to three options
7.5.10. Challenges for managing paid search marketing

As mentioned, ROI measurement is the biggest challenge for those managing paid search, in the eyes of both companies and agencies. Both sets of respondents regard optimization of destination pages as the second biggest challenge [see also Figure 103].

Companies

Figure 102: What are your greatest challenges when managing paid search marketing efforts?

Note: respondents could check up to three options
Figure 103: What are the greatest challenges your clients face when managing paid search marketing efforts?

Note: respondents could check up to three options
7.5.11. Challenges for managing social media marketing

For social media marketing, problems measuring ROI are particularly evident, with 63% of company respondents saying this is one of their biggest three challenges. The next biggest challenge for those carrying out social media marketing is making the business case for investment, with 38% of companies saying this is an issue.

Companies

Figure 104: What are your greatest challenges when managing social media marketing efforts?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measuring the ROI</td>
<td>63%</td>
</tr>
<tr>
<td>Making the business case for investment</td>
<td>36%</td>
</tr>
<tr>
<td>Integration and measurement with other online/offline marketing channels</td>
<td>37%</td>
</tr>
<tr>
<td>Getting budget</td>
<td>25%</td>
</tr>
<tr>
<td>Obtaining executive buy-in</td>
<td>21%</td>
</tr>
<tr>
<td>Optimizing destination pages</td>
<td>14%</td>
</tr>
<tr>
<td>Hiring and retaining talent</td>
<td>11%</td>
</tr>
<tr>
<td>Determining whether to do in-house or outsource to an outside firm</td>
<td>11%</td>
</tr>
</tbody>
</table>

Note: respondents could check up to three options
Agencies

Figure 105: What are the greatest challenges your clients face when managing social media marketing efforts?

Note: respondents could check up to three options
7.5.12. Reasons for outsourcing paid search

Agencies believe that *lack of in-house skills* is the biggest reason for their clients outsourcing paid search as opposed to doing it in-house. Almost three quarters of respondents (71%) say that a shortage of skills is the reason their clients outsource PPC activity.

**Agencies**

**Figure 106**: What do you believe are the reasons your clients use an outside provider for paid search as opposed to doing it in-house?

Respondents: 519

*Note: respondents could check up to three options*
7.5.13. Reasons for outsourcing search engine optimization

As with paid search, *lack of in-house skills* is the main reason why companies outsource SEO.

**Agencies**

**Figure 107:** What do you believe are the reasons your clients use an outside provider for search engine optimization as opposed to doing it in-house?

![Bar chart showing reasons for outsourcing SEO]

- **Lack of in-house skills:** 73%
- **Too time-consuming:** 52%
- **Lack of in-house tools and technology:** 46%
- **More economical to outsource this:** 36%
- **Too complicated to track and measure in-house:** 27%
- **Service providers have good industry contacts:** 25%
- **6%**

*Note: respondents could check up to three options*
7.5.14. Reasons for outsourcing social media

Again from the perspective of agencies, the main reason clients outsource social media marketing is a lack of skills. The *time-consuming nature* of this type of marketing is also frequently cited (by 58% of respondents).

Agencies

Figure 108: What do you believe are the reasons your clients use an outside provider for social media marketing as opposed to doing it in-house?

Note: respondents could check up to three options
7.6. Social media and search marketing trends

7.6.1. Use of social and search marketing activity

Almost half (48%) of agency respondents [Figure 111] say that *social media is very much part of their search activity*, compared to 33% of companies who say that is the case.

Half of company respondents (49%) say they *treat social media and search engine marketing separately*, while 39% of agencies say they are separate.

*Figure 110* shows the split for B2B and B2C companies. B2B companies are slightly more likely to say that social media is integral to their social media activity.

Companies

*Figure 109*: What best describes your use of social media in the context of your search engine marketing activity?

![Figure 109](chart.png)

- Social media is very much part of our search activity
- We treat social media and search engine marketing separately
- We don’t do any social media marketing

*Respondents: 389*
Companies

Figure 110: Social media and search engine marketing activity: B2B – B2C split

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Social media is very much part of our search activity</td>
<td>18%</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td>We treat social media and search engine marketing separately</td>
<td>47%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>We don't do any social media marketing</td>
<td>35%</td>
<td>30%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Respondents: 389
Agencies

Figure 111: What best describes your use of social media in the context of your search engine marketing activity?

- Social media is very much part of our search activity
- We treat social media and search engine marketing separately
- We don't do any social media marketing

Respondents: 697
7.6.2. Impact of social media on search marketing

Agencies [Figure 114] are significantly more likely to say that the rise of social media has had a significant impact on their search engine marketing. Only half of company respondents (52%) say that social media has had a moderate or huge impact, compared to 74% of agencies [Figure 114].

Companies

Figure 112: How much impact has the rise of social media had on your search engine marketing?

![Impact of social media on search marketing chart]

- A huge impact: 42%
- Moderate impact: 27%
- No impact: 21%
- Don't know: 10%

Respondents: 392
Figure 113: Impact of social media marketing by company size (revenue)

Agencies

Figure 114: How much impact has the rise of social media had on your clients’ search engine marketing?

Respondents: 694
7.6.3. Use of social media sites

Three quarters of companies are using *Facebook* (74%) and *Twitter* (73%) to promote their brands or companies. Just over half of companies (53%) are using *YouTube* and 49% of companies are using *LinkedIn*.

Smaller percentages of companies are using *Digg* (22%), *Delicious* (18%), *Wikipedia* (16%), *StumbleUpon* (14%), *MySpace* (11%) and *Yahoo! Answers* (9%).

There has been a slight decrease in the number of companies using Facebook compared to 2009 [Figure 116], when 83% were using this social networking site to promote themselves.

‘Other’ sites mentioned include the social platform *Ning*, and *Orkut*, the networking site owned by Google. Orkut was frequently cited by respondents from Brazil.

Companies

Figure 115: Which social media sites do you use to promote your brand / company?

![Bar chart showing the use of various social media sites by companies](chart.png)
Companies – 2009 results

Figure 116: Which social media sites do you use to promote your brand / company?

Note: options for social media sites differ from the 2009 study
Agencies

Figure 117: Which social media sites do your clients use to promote their brand / company?

[Bar chart showing usage percentages for different social media sites]

Respondents: 689
### 7.6.4. Significance of different trends and technologies

From a range of trends and marketplace developments, company respondents are most likely to say that the *personalization of search results* is having an impact. Just under a third of companies (31%) say this is 'highly significant' and a further 44% say it is 'significant'.

Agency respondents [Figure 119] see the rise of local search as the most significant trend, with 85% of agencies saying this is significant.

**Companies**

Figure 118: In the context of your search marketing efforts, how would you describe the impact of the following trends and technologies?

<table>
<thead>
<tr>
<th>Trend</th>
<th>Highly significant</th>
<th>Significant</th>
<th>Not significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personalization of search results</td>
<td>25%</td>
<td>35%</td>
<td>40%</td>
</tr>
<tr>
<td>Rise of mobile internet</td>
<td>40%</td>
<td>38%</td>
<td>23%</td>
</tr>
<tr>
<td>Real-time search</td>
<td>32%</td>
<td>46%</td>
<td>22%</td>
</tr>
<tr>
<td>Behavioral targeting</td>
<td>44%</td>
<td>40%</td>
<td>15%</td>
</tr>
<tr>
<td>Rise of local search</td>
<td>48%</td>
<td>37%</td>
<td>33%</td>
</tr>
<tr>
<td>Video search</td>
<td>40%</td>
<td>39%</td>
<td>39%</td>
</tr>
<tr>
<td>Daypart / time of day targeting</td>
<td>37%</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>Launch of Bing by Microsoft</td>
<td>31%</td>
<td>25%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Respondents: 388
Agencies

Figure 119: In the context of your search marketing efforts, how would you describe the impact of the following trends and technologies?

![Bar chart showing the impact of various trends and technologies in search marketing. The chart indicates the percentage of respondents who find each trend or technology highly significant, significant, or not significant.]

Respondents: 700