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SAMPLE: State of Search Engine Marketing Report 2010

in association with SEMPO

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SAMPLE: State of Search Engine Marketing Report 2010



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Contents

- 1. Executive Summary and Highlights 1
- 2. Introduction by Econsultancy 5
- 3. Introduction by SEMPO 6
- 4. About Econsultancy 7
- 5. About SEMPO 8
- 6. Methodology and Sample 9
 - 6.1. Methodology 9
 - 6.2. Respondent profiles 9
 - 6.2.1. Type of organization 9
 - 6.2.2. Business sector 10
 - 6.2.3. Business focus 11
 - 6.2.4. Type of agency 12
 - 6.2.5. Geography 13
 - 6.2.6. Size of company by revenue 15
 - 6.2.7. Size of company by number of employees 16
 - 6.2.8. Size of agency by number of employees 17
- 7. Findings 18
 - 7.1. Paid search, SEO or social media? 18
 - 7.1.1. Type of marketing carried out by companies 18
 - 7.1.2. Services offered by agencies 19
 - 7.2. Budgets 21
 - 7.2.1. Budget for search engine optimization in 2009 21
 - 7.2.2. Proportion of SEO budget spent with agencies 23
 - 7.2.3. Change in budgets for search engine optimization 24
 - 7.2.4. Expected search engine optimization billings 27
 - 7.2.5. Budget for paid search in 2009 28
 - 7.2.6. Change in budgets for paid search 31
 - 7.2.7. Expected paid search billings 33
 - 7.2.8. Change in prices for paid search ads 34



7.2.9.	Proportion paid to SEM service provider.....	37
7.2.10.	Flexibility of paid search programs	39
7.2.11.	Budget for social media marketing in 2009.....	41
7.2.12.	Change in social media spend	43
7.2.13.	Expected social media billings.....	45
7.2.14.	Budget for paid search programs	46
7.2.15.	Budget for SEO programs.....	48
7.2.16.	Shift in budget.....	50
7.3.	Search engines.....	52
7.3.1.	Search engines used for advertising	52
7.3.2.	Change in investment in search engines	54
7.3.3.	Paid search conversion rates	56
7.3.4.	Change in prices for keywords.....	58
7.3.5.	Return on investment from search engines	60
7.4.	Objectives and metrics	62
7.4.1.	Objectives from search engine optimization	62
7.4.2.	Objectives from paid search	64
7.4.3.	Objectives from social media marketing	66
7.4.4.	Metrics for measuring search engine optimization	68
7.4.5.	Metrics for measuring paid search marketing	70
7.4.6.	Metrics for measuring social media marketing.....	71
7.5.	Resourcing and outsourcing	73
7.5.1.	Employees with responsibility for search engine marketing	73
7.5.2.	Search engine optimization service provision.....	74
7.5.3.	Paid search marketing service provision.....	76
7.5.4.	Social media marketing service provision.....	78
7.5.5.	Use of technologies for paid search	79
7.5.6.	Typical fee structure for search engine optimization.....	82
7.5.7.	Typical fee structure for paid search marketing	84
7.5.8.	Typical fee structure for social media marketing.....	86
7.5.9.	Challenges for managing search engine optimization	88
7.5.10.	Challenges for managing paid search marketing	90
7.5.11.	Challenges for managing social media marketing	92
7.5.12.	Reasons for outsourcing paid search.....	94
7.5.13.	Reasons for outsourcing search engine optimization	95
7.5.14.	Reasons for outsourcing social media	96
7.6.	Social media and search marketing trends	97
7.6.1.	Use of social and search marketing activity	97
7.6.2.	Impact of social media on search marketing.....	100

7.6.3. Use of social media sites 102
7.6.4. Significance of different trends and technologies 105



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.

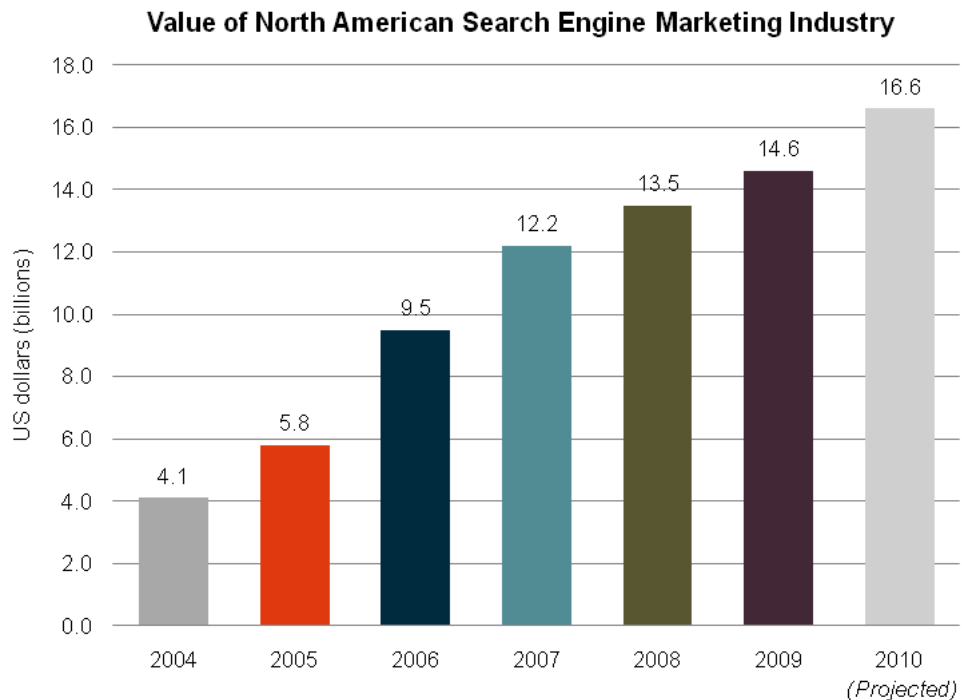
As well as paid search and search engine optimization, this year's report also looks at the rapidly growing market for social media marketing, which is becoming increasingly significant as a related and complementary activity.

Market valuation

SEMPO and Econsultancy estimate that the North American search engine marketing industry¹ 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.

- Google dominates, with 97% of companies paying to advertise on Google AdWords.
- On average, companies expect to spend 43% more on SEO in 2010 than they did in 2009.
- Social media marketing budgets are still modest compared to search engine optimization and paid search.
- 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.
- Three quarters of companies are using Facebook (74%) and Twitter (73%) to promote their brands or companies.

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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 toF 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

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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

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Page 4

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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](#).

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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

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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).

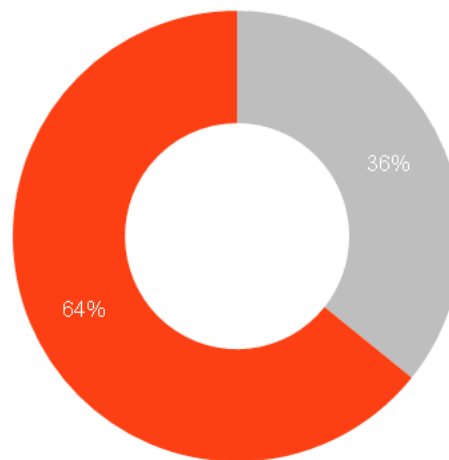
6.2. Respondent profiles

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)

Respondents: 1472

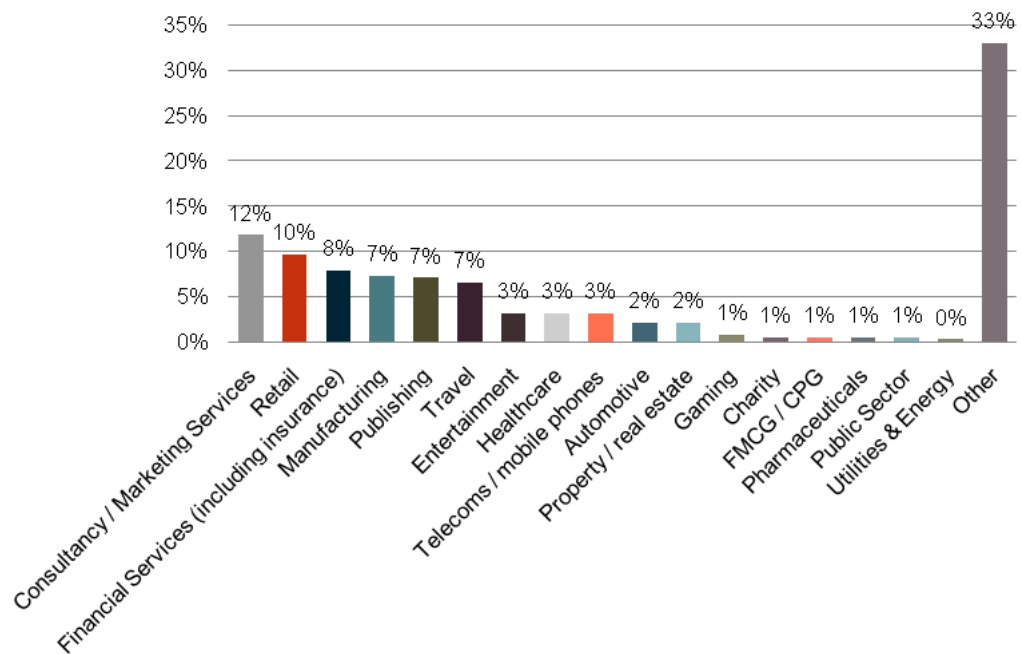


6.2.2. Business sector

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?



Respondents: 382

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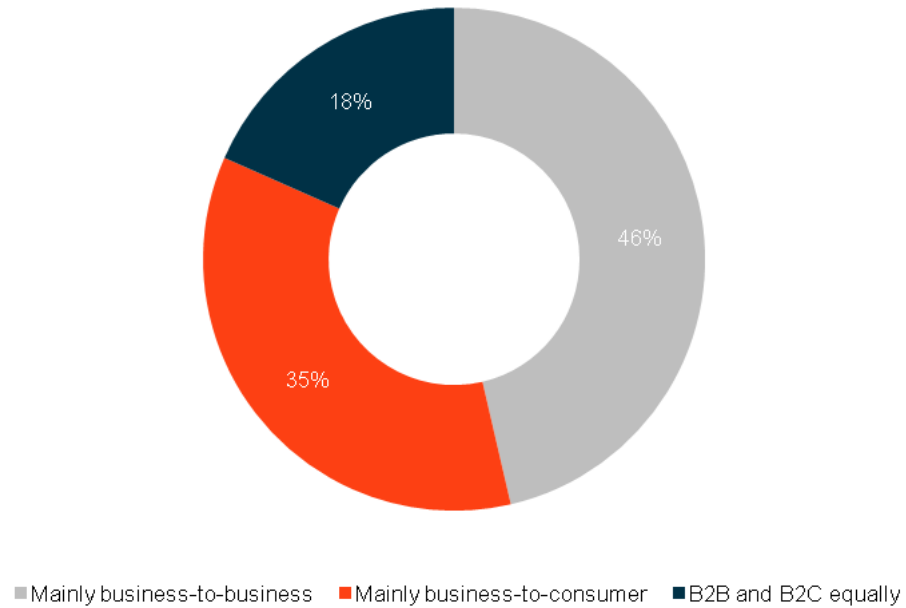


6.2.3. Business focus

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?



Respondents: 386

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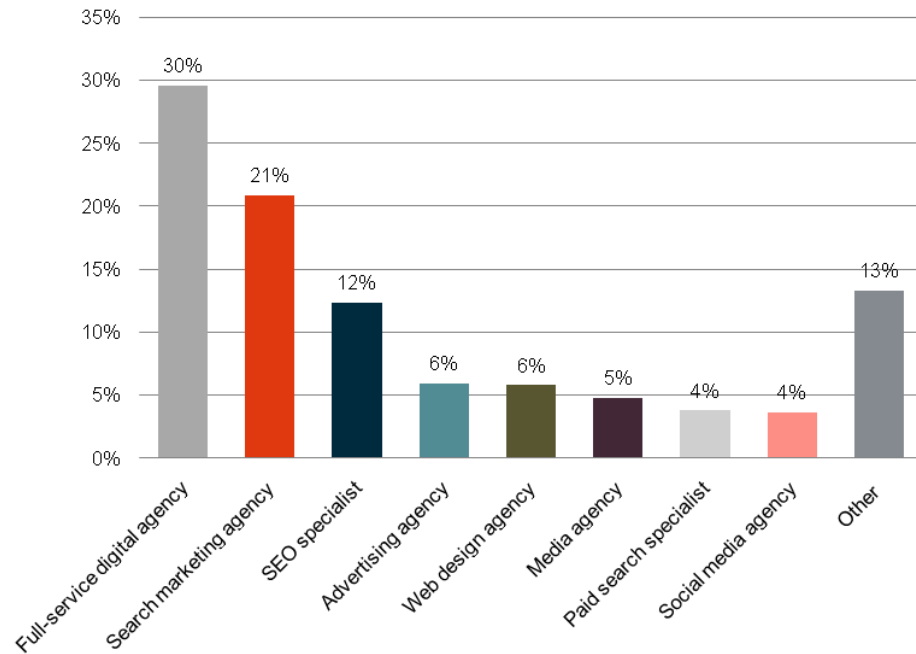


6.2.4. Type of agency

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?



Respondents: 690

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6.2.5. Geography

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

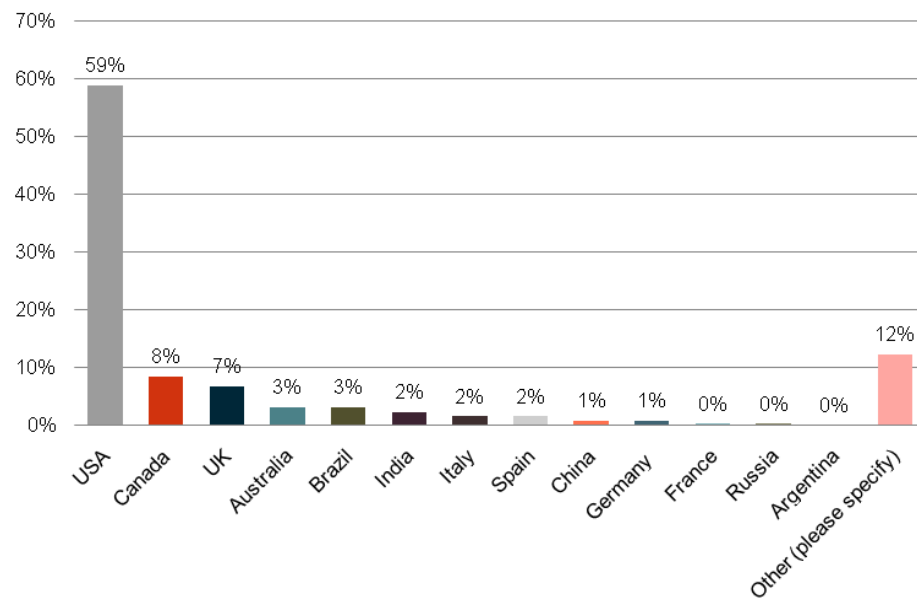
USA	558	Sweden	7	Thailand	3	Faroe Islands	1
Canada	92	China	6	UAE	3	Finland	1
UK	82	Denmark	5	Australia	2	Indonesia	1
Brazil	54	Mexico	5	Egypt	2	Latvia	1
Australia	28	Argentina	4	Estonia	2	Lebanon	1
India	28	Austria	4	Hong Kong	2	Lesotho	1
Czech Republic	17	Chile	4	Hungary	2	Lithuania	1
Italy	16	Greece	4	Iceland	2	Macedonia	1
Spain	15	Israel	4	Japan	2	Nigeria	1
Netherlands	12	Pakistan	4	Malaysia	2	Panama	1
South Africa	11	Poland	4	South Korea	2	Puerto Rico	1
France	10	Singapore	4	Ukraine	2	Romania	1
Germany	9	Slovakia	4	Vietnam	2	Saudi Arabia	1
Norway	9	Colombia	3	Albania	1	Serbia	1
Belgium	8	Ireland	3	Bulgaria	1	Slovenia	1
Russia	7	Philippines	3	Cyprus	1	Sri Lanka	1
New Zealand	7	Portugal	3	Dominican Republic	1	Switzerland	1

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

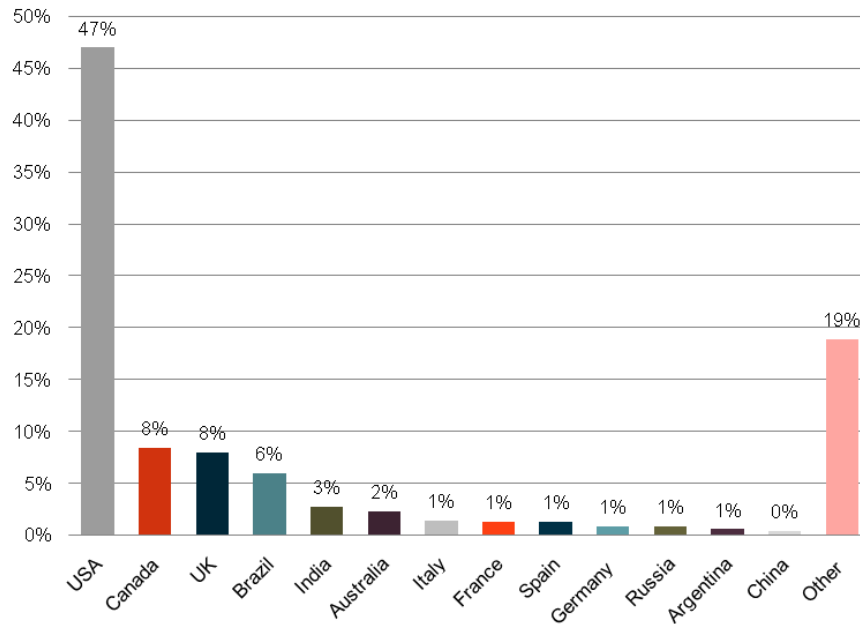
Figure 5: In which country/region are you (personally) based?



Respondents: 389

Agencies

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



Respondents: 700

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7. Findings

7.1. Paid search, SEO or social media?

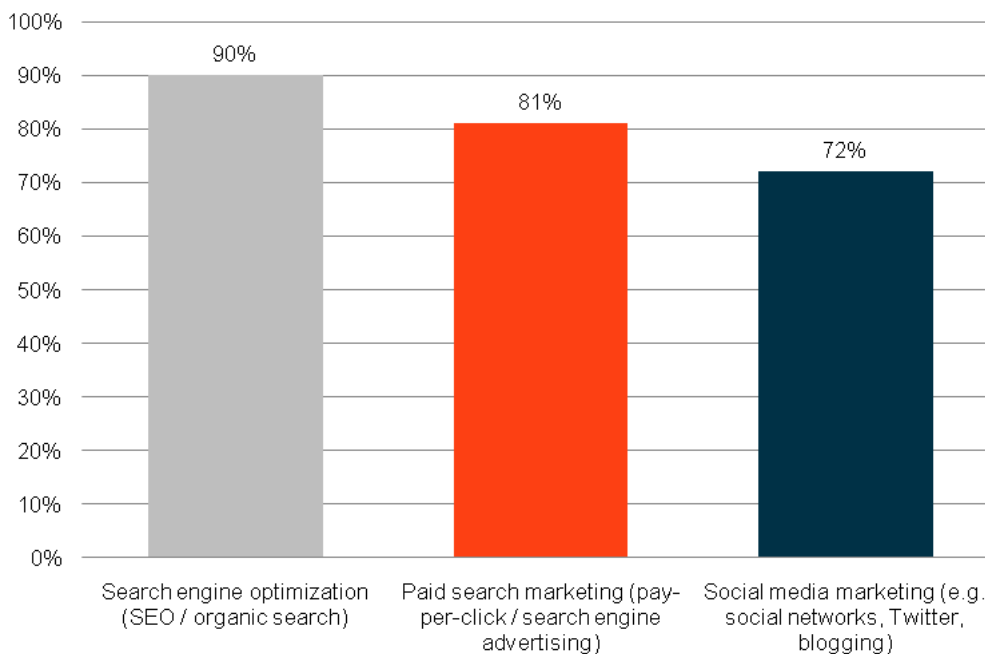
7.1.1. Type of marketing carried out by companies

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.

Companies

Figure 7: Which of the following types of activity does your organization carry out?



Respondents: 527

7.2. Budgets

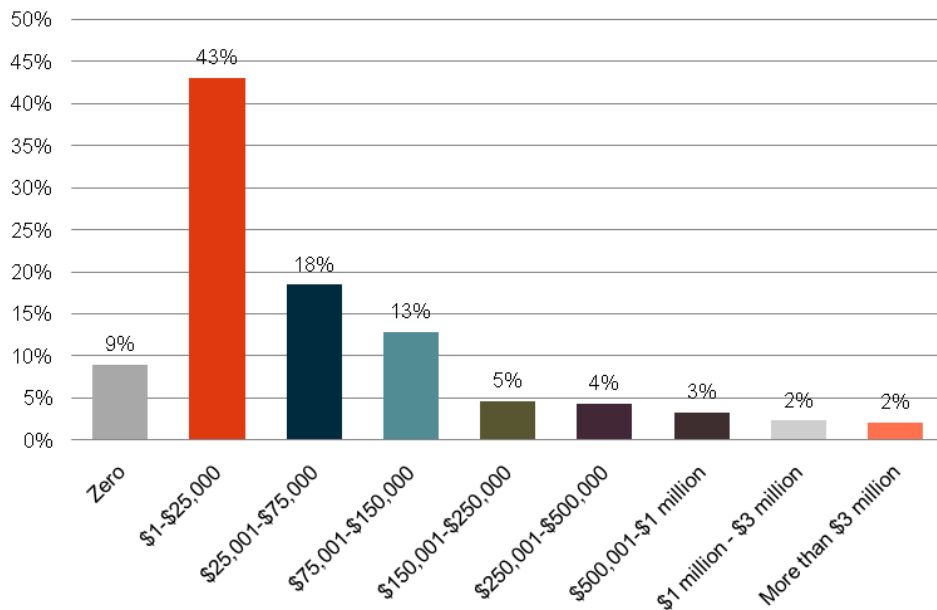
7.2.1. Budget for search engine optimization in 2009

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.

Companies

Figure 8: What was your company's budget for search engine optimization (organic search) in 2009? (Including agency, staff and technology costs)



Respondents: 416

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7.2.2. 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.

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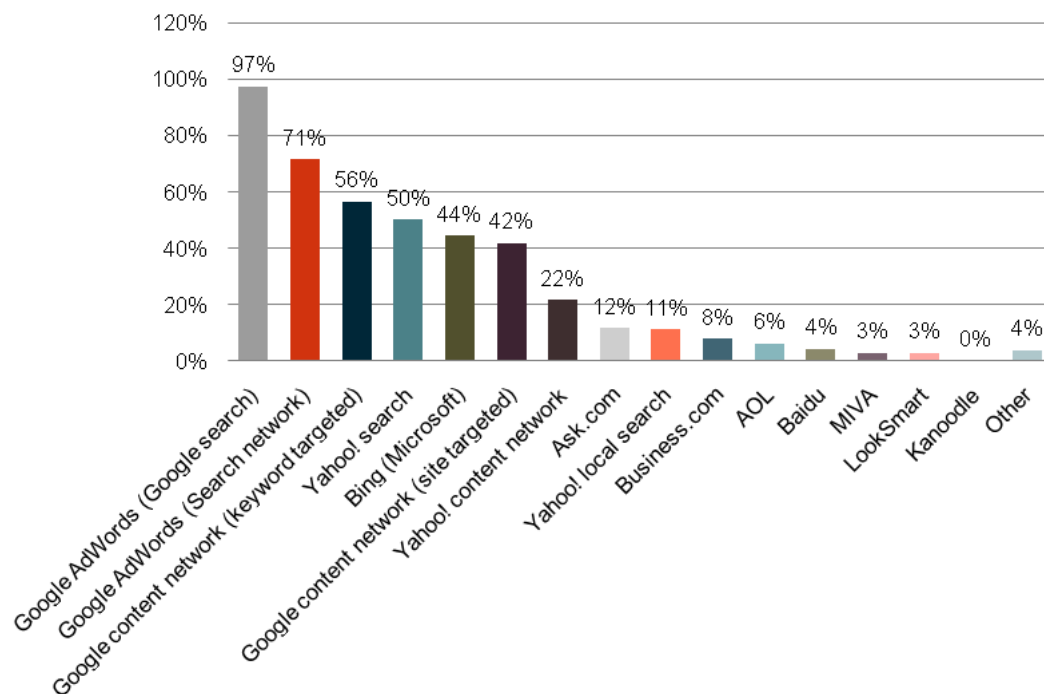
7.3. Search engines

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*.

Companies

Figure 9: Which of the following search engines do you pay to advertise on?



Respondents: 333

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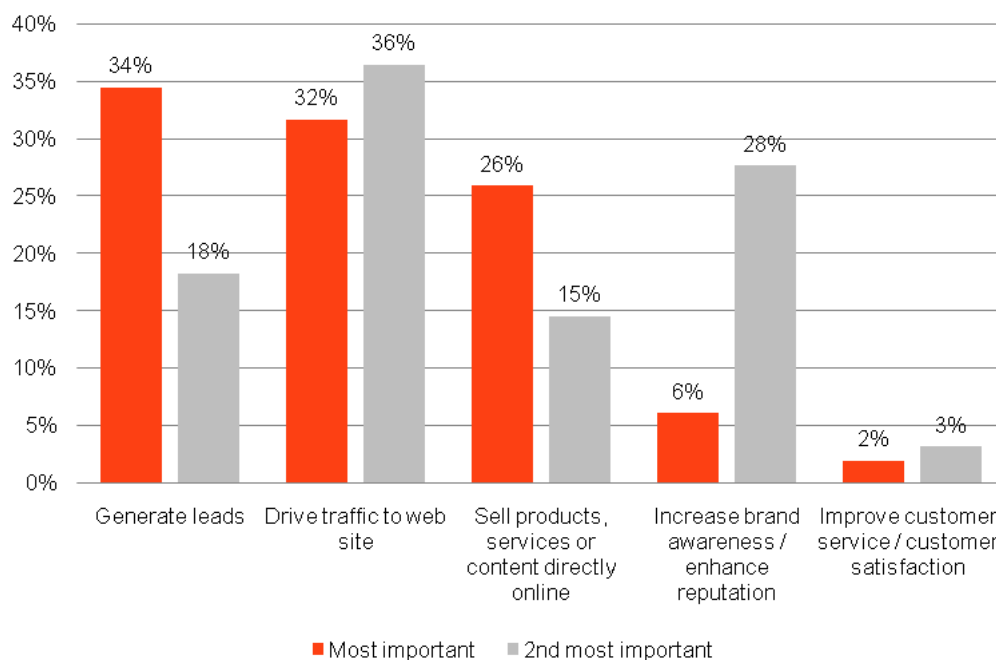
7.4. Objectives and metrics

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.

Figure 10: What objectives is your company trying to achieve through search engine optimization?



Respondents: 365

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7.5. Resourcing and outsourcing

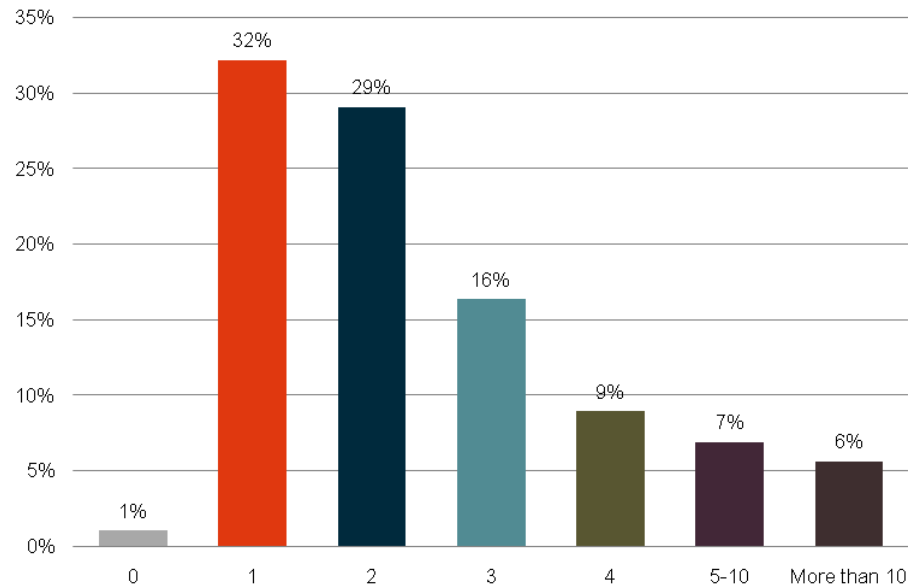
7.5.1. Employees with responsibility for search engine marketing

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



Respondents: 396

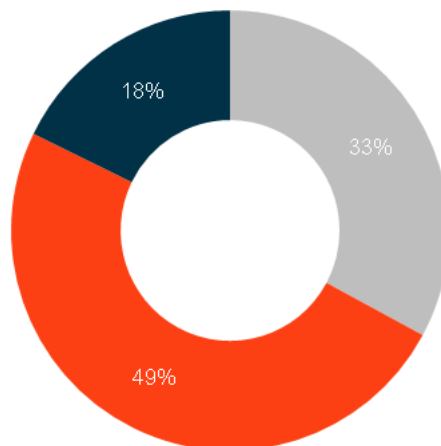
7.6. Social media and search marketing trends

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.

Companies

Figure 12: 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: 389

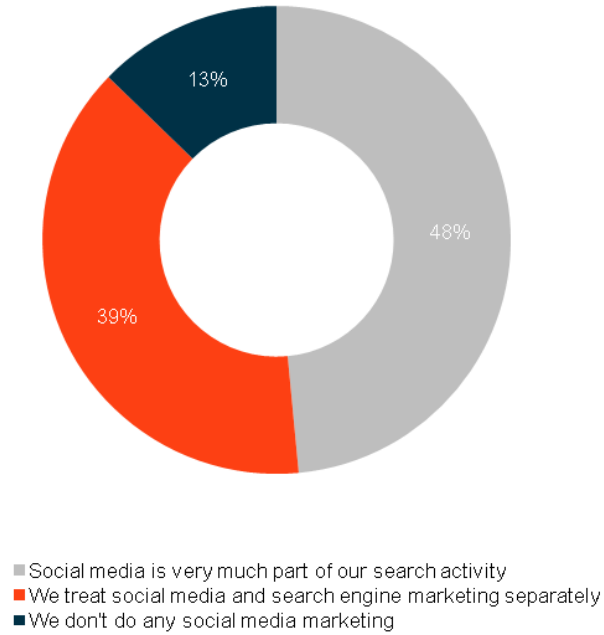
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Agencies

Figure 13: What best describes your use of social media in the context of your search engine marketing activity?



Respondents: 697

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