BENCHMARK REPORT

2012 Search Marketing PPC Edition

Research and Insights on Extending the Capabilities of Paid Search

EXCERPT

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2012 Search Marketing – PPC Edition

Benchmark Report

Research and Insights on Extending the Capabilities of Paid Search

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2012 Search Marketing Benchmark Report – PPC Edition

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EXECUTIVE SUMMARY

NEW RESEARCH AND INSIGHTS ON EXTENDING THE CAPABILITIES OF PAID SEARCH

The *2012 Search Marketing Benchmark Report – PPC Edition* looks at the state of the PPC market, and also explores how marketers are using social, local and mobile marketing to extend their PPC marketing tactics.

PPC has historically been about traffic, conversions and leads. But now, thanks to social media, it is also being effectively employed as a branding tactic. Social PPC is starting to take off, as marketers realize how it can be used to reach significantly different audiences – and a very specific type of user – than can be reached with search engine PPC.

Local search is the buzz in search engine optimization, and it is also making a stir in the PPC arena. From Google Boost, to location and phone ad extensions, marketers are giving users richer experiences in their PPC ads, as well.

Local search is also helping mobile PPC gain traction. Mobile searchers tend to access the Web "on-the-go." Despite the lower CPCs, mobile PPC is not for every business. For those that do engage, businesses that find success keep the mobile user in mind with respect to keywords, copy and the site itself, and do not simply replicate traditional PPC campaigns.

Benchmark Report

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

Organized for fast and easy reference

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

- Average of all respondents
- Phases of PPC marketing maturity
- Primary marketing channels
- Organization size
- Key industry sectors

Highlights of this year's study

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

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

Chart: Ranking of PPC challenges against PPC objectives

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

■ Challenges from last 12 months
■ Objectives for next 12 months

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Methodology: Fielded April 2011, N=1,530

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

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

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

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

Chart: Three-dimensional view of PPC tactics
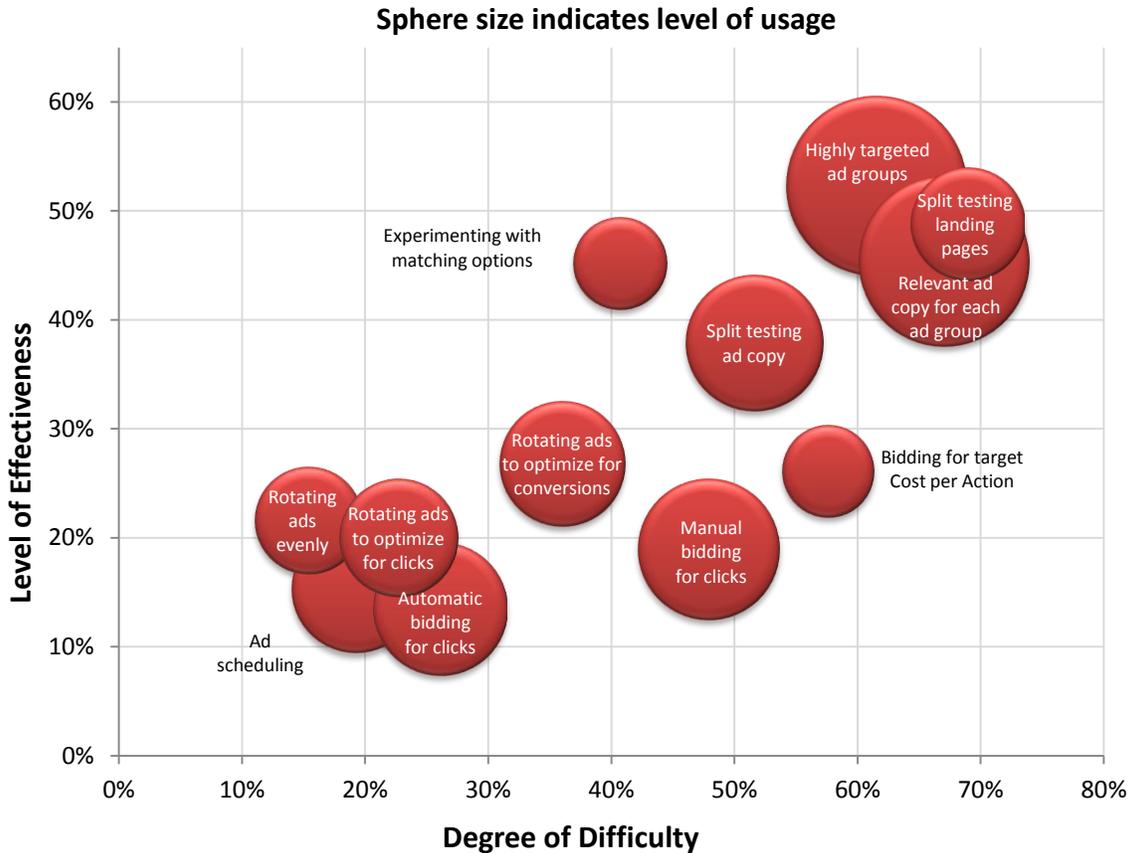
Sphere size indicates level of usage

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

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

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

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

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

Chart: Percentage of inbound traffic from paid search

Median - 20%
Average - 29%

40%

24%

18%

13%

4%

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

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

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

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

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

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

Chart: Percentage of total lead volume from paid search versus SEO
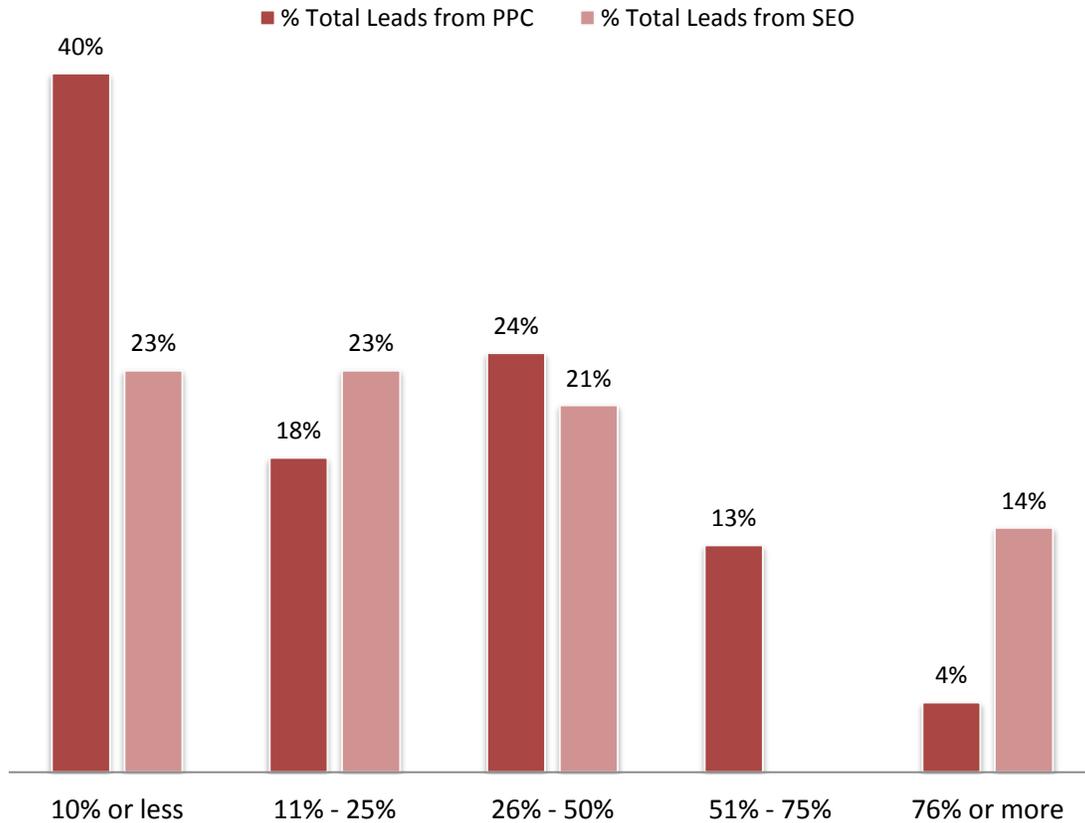
Source: ©2011 MarketingSherpa Search Marketing Benchmark Survey
Methodology: Fielded April 2011, N=1,530

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

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

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

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

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

Q. Which of the following local business listing tactics has your organization used for local search?
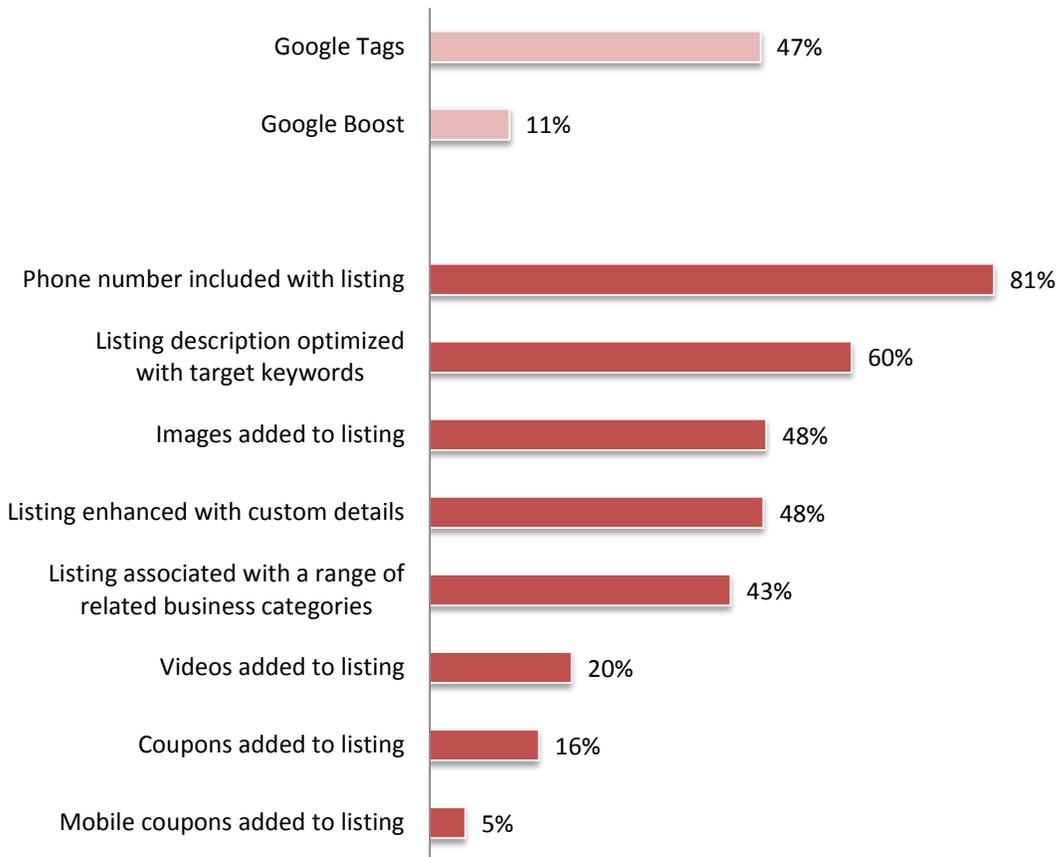
Tactic	Percentage
Google Tags	47%
Google Boost	11%
Phone number included with listing	81%
Listing description optimized with target keywords	60%
Images added to listing	48%
Listing enhanced with custom details	48%
Listing associated with a range of related business categories	43%
Videos added to listing	20%
Coupons added to listing	16%
Mobile coupons added to listing	5%

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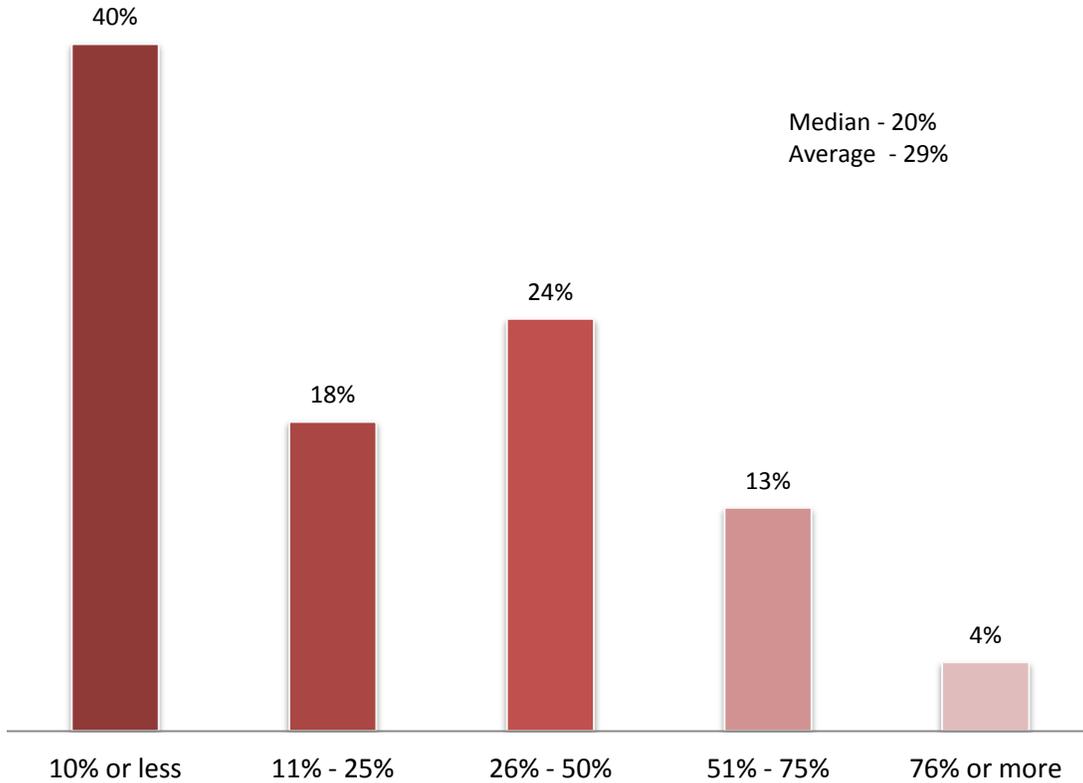Methodology: Fielded April 2011, N=1,530

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

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

KEY FINDING: MOBILE-ENABLED AND OPTIMIZED PPC CAMPAIGNS ARE UNCOMMON

Chart: Mobile search tactics for PPC are not widely exercised

Q. Which of the following mobile search tactics is your organization currently employing?
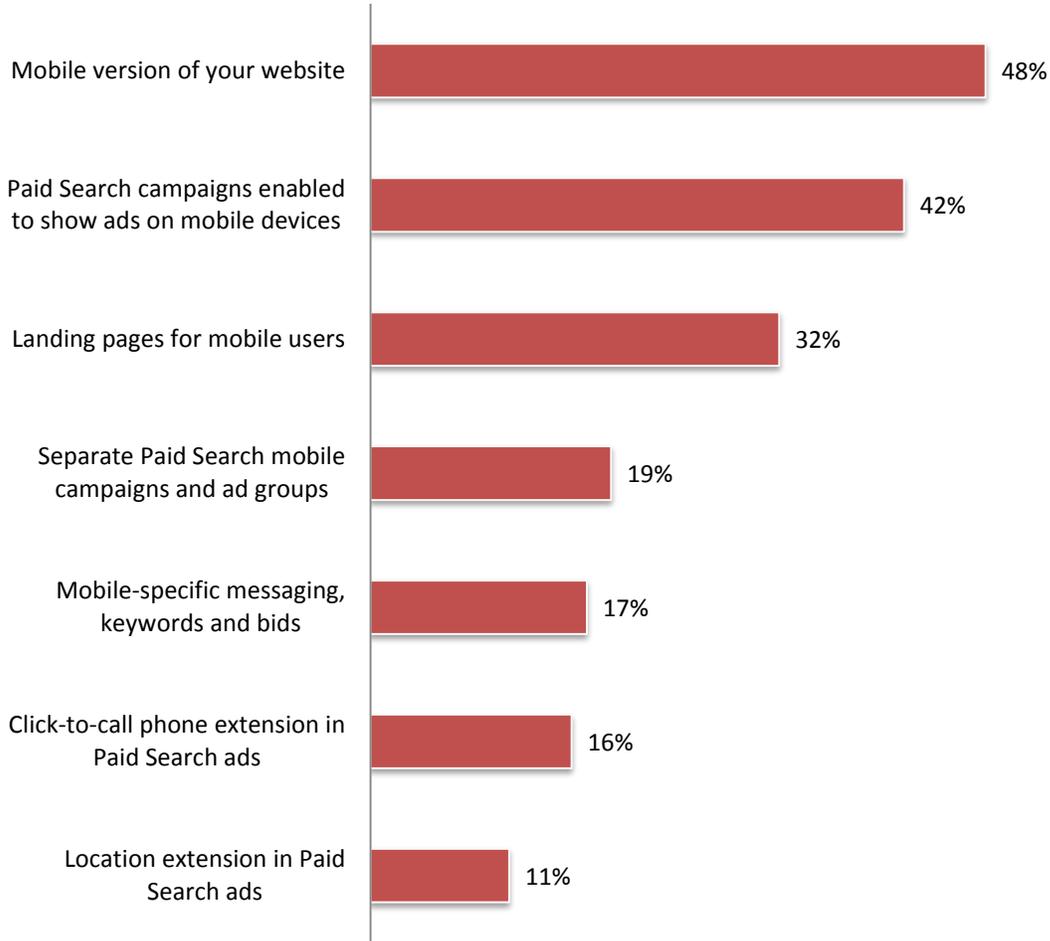
Tactic	Percentage
Mobile version of your website	48%
Paid Search campaigns enabled to show ads on mobile devices	42%
Landing pages for mobile users	32%
Separate Paid Search mobile campaigns and ad groups	19%
Mobile-specific messaging, keywords and bids	17%
Click-to-call phone extension in Paid Search ads	16%
Location extension in Paid Search ads	11%

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

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

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

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