

SEARCH ENGINE MARKETING (SEM) - CURRENT STATUS

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Abstract The aim of the article is to describe the specific aspects of SEM (Search Engine Marketing) as an important tool of marketing communication. In the evaluation, the direction of the topic article summarizes the theoretical base of SEM, PPC (Pay Per Click) and SEO (Search Engine Optimization). It also focuses its attention on the Internet advertising market globally, as well as in home environments Slovak market, describes the current state spending on this form of promotion. Our aim is also to evaluate and demonstrate the possible further developments in this area and also to point out the pitfalls.

Keywords SEM, PPC, Internet, Slovakia, AdWords, Google, Trends

1. INTRODUCTION

The reason why expenses spent on the advertising in traditional media went down during the last few years is evident, as the internet and its online environment develops rapidly and it gives marketers many modern and more effective options of realisation as well as provides options to measure the efficiency of their marketing campaigns. Together with technological development of this new media tool, this enables to create further opportunities for reaching target groups. One of the most important forms of e-marketing is SEM (Search Engine Marketing), combining tools like PPC (Pay Per Click) – which is a paid form of advertising, that is characteristic for payment that is only implemented if the user actually visited a web presentation and SEO (Search Engine Optimization) -optimization of website presentation for search engines which is focused on getting the highest possible placement between search results received with the use of online search engines and it does so by adjusting the structure of the content of web presentation as well as ensuring that the content is appropriately edited.

1. Basic theoretical resources

SEM (Search Engine Marketing) which means marketing with the use of search engines is one of the parts of e-marketing. It is a tool of online advertising which represents an effective form of advertising that is aimed at increase in traffic in targeted groups on web presentations. There are two components of SEM- one of them is advertising PPC (Pay Per Click) and another one is SEO (Search Engine Optimization).

The efficiency of advertising online decreases gradually because of the constantly bigger competition.. It is mainly caused by rise in prices of advertising and an increasing number of advertising space in the same location (this means that users on the Internet developed certain kind of resistance towards advertising. PPC advertising found out a way to solve this situation). (Rozhoň, 2009)

An abbreviation PPC (Pay Per Click - Pay per click) refers to one of the forms of paid advertisement online that currently belongs among the fastest as well as the simplest ways to instantly achieve results in increase of the traffic as well as (what is even more important) an increase in sales.

Advertisement PPC belongs to the category of contextual advertising- this is a targeted and effective way of advertising online. Its aim works on an analysis of key words that are frequently typed in the search engines or content websites. This particular kind of display is called a display of contextual links with the content. (Dorčák - Pollak, 2010)

This form of advertising is characteristic by the fact that advertisements are only displayed to the customers that actually search for expressions that are similar to or associated with the relevant offer of products and services. A company will select these keywords, and their price will vary as it is affected by the popularity of the word. This will ensure that the ad will be only displayed to those people that are most likely to be interested in them.

The option to link a display of advertisement with the things that people look for on the Internet and giving them an appropriate response offers a high chance of getting visitors that can later become customers. (Janouch, 2010)

It is possible to divide PPC campaigns into three different groups (Janouch, 2011):

- Campaigns aimed on building the brand – their aim is to maximise the number of displays and visits.
- Campaigns aimed on driving traffic – they are suitable for websites on which it is important to have a high traffic. It is significant to have a relevant traffic and that is the reason why they monitor time that visitors spent on site together with monitoring how many subpages they have watched and what was the level of their abandonment.
- Power campaigns – its goal is conversion, sale of the products and an indicator is the profit made per customer. It is aimed on monitoring primary as well as secondary conversion, clickthrough rate, the total number of clickthroughs and price per clickthrough.

According to Janouch (2010), we should be able to list the benefits of PPC contextual advertising in several following points:

- payment only for visitors,
- extremely accurate targeting,
- high level of control of campaign management,
- easy assessment benefits.

Related to the expression SEO (Search Engine Optimization) author Horňáková(2011) states that SEO means activities that are focused on optimization of web presentations with the goal to achieve the best possible position in the search results after typing the keyword. If the web presentation is properly optimized, not only can a link to the relevant company appear on the first page of search results, but more importantly it can be positioned on the front, which means increased traffic and at the end of the day also increased profit for the company.

Karlíček (2011) defines a term SEO as a technical discipline which purpose is to improve the position of web presentation in search results of search engines. Regarding that, the author Karlíček (2011) also points out the fact that during the realization of this kind of optimization is work with keywords especially significant. These phrases and expressions must relate to the focus of the website. Author also states that it is appropriate to optimize a web presentation on several key phrases that should be reasonably repeated in the content of the websites. Another important thing is the location of the keywords in titles, titles of the websites, or even directly to the domain etc.

We also agree with the opinion of author Horňáková (2010), which believes that the main base for optimization of web presentations form the key words. Keyword is the most important word that specifies whole activity of the company, e.g. if we talk about the company that is the manufacturer of windows, the keyword will be a window. Not only declension of the word, but also connecting several words in an appropriate manner is important- hence creating the phrase. It is necessary to think as a customer.

2. CURRENT STATE OF THE PROBLEM

In the same way as online environment, advertising with the use of online search engines is no longer an unfamiliar concept to the marketers and this is proved by annually increasing marketing expenses invested into tools of SEM (Search Engine Optimization). We could see the growing trend of investing into this area during last years and it is also confirmed by predictions of expenses under this category of spendings.

The volume of expenses also reflects a high potential which comes together with the SEM (Search Engine Marketing). Here are the results of analysis of the company Invesp (2012) to confirm our statement. In June 2012, this company published the results of its analysis describing SEM of market in the United States. Concluded from this analysis, it was assumed that the expenses of this segment in year 2012 will be approximately at \$ 19.51 billion, which represents a percentage of the 0.9 % decrease in expenses compared to the same period in 2011. Equally, a decrease in expenses is predicted for 2013, where we expect annual growth in expenses to move to the level of 17.20 % - \$ 22.86 billion.

	2011	2012	2013	2014	2015	2016
SEM Ad spending (in billions USD)	16.36	19.51	22.86	25.41	27.37	29.11
Annual variation	27.90 %	27.00 %	17.20 %	11.20 %	7.70 %	6.30 %

Table 1 Expenses spent on advertising in search engines in the U.S

Source: Own elaboration according to Khalid, 2012

Compared to the domestic Internet market, total expenses spent on advertising in search engines during the year 2012 achieved € 23.94 million, which means overall 37% share of total expenses spent on advertising online. Annual growth in spendings in this segment was 21 %. We should also emphasise that majority of the expenses for the year 2012 was spent on the segment of banner ads where expenses reached a level of 26.8 million euros representing 41 % of total expenses and giving this segment the first place. Annually this segment of expenses stated decrease of share by 4.6 %, in comparison with the year 2011, although it is important to highlight that this category of advertisement still recorded decrease by 11 % in sharing. (IAB Slovakia, 2013)

Digital marketing management company Keschoo (2013) published in July of 2013 an analysis of spending their clients in the segment of PPC, analysis reflect the total expenditures of \$ 4 billions. As

shown in Table 2 spending has stayed in positive territory for four quarters in a row. On the other hand, there is evident descending trend in annual spending growth in this segment, where the increase in expenditure does not exceed 20 %.

Period	1Q 2012	2Q 2012	3Q 2012	4Q 2012	1Q 2012	2Q 2012
Year over Year	-	-	39 %	24 %	16 %	16 %
Quarter over Quarter	-8 %	-1 %	7 %	24 %	14 %	2 %

Table 2 Global expenses spent on advertising in search engines – Annual variation
 Source: Own elaboration according to Keshoo, 2013

The relevance of marketing activities in relation to search engines is also confirmed by an analysis of the digital marketing management company Keshoo (2013), which is focused on the effectiveness of advertising in search engines. As indicated by Figure 1, clickthrough rate (CTR - Click-through-rate: $CTR (\%) = (\text{number of clicks} / \text{number of displays of advertisement}) * 100$) during the first quarter of 2013 recorded a value of 1.68%, which means year-on-year 62% increase. Another interesting discovery is the fact, that the total number clicks on ads increased by 21%. However, the total amount of displays of advertisements decreased by 26% in year-on- year comparison.



Table 2 Global level of CTR
 Source: Marvin, 2013

Regarding CPC (Cost PerClick) - price per click during the first quarter of 2013 globally reached average value of \$ 0.39, which in comparison to the third quarter of 2012 means decrease 15% of the value of \$ 0.46. It is important to note that year-on-year annual comparison of the average price per click showed a decrease by 5% of the value of \$ 0.41. After closely observing the CPC in Europe, cost per click remained unchanged at \$ 0.36. For comparison, the average CPC during the first quarter of 2013 in the United States reached a level of \$ 0.38 and \$ 0.44 in Great Britain. (Keshoo, 2013)

With the use of the interpreted data, it is possible to state that EU region reaches a lower average value of CPC than the global average, which represents a difference of 7%. However, the value of CPC in the UK is higher than the global average by total of 13%. There are several variables that could affect this situation such as the number of advertisers and advertising campaigns or specific keywords which significance is reflected in the value of CPC.

3. CONCLUSION

It is not necessary to say that marketing activities covering the area of search engines on the Internet form an important part of marketing strategies of marketers in Slovakia and abroad, which is proved by the incurred as well as the predicted expenses, or better said investments spent on this form of advertising. PPC advertising as a part of SEM is an integral part of Internet marketing as well as one of the most effective forms of marketing communication. Contextual advertisements almost always appear in the search results of search engines such as the world's most popular search engine Google or Zoznam.sk which is still popular in our area.

Different features such as a relatively low price (when it is used properly), the possibility of precise targeting key groups, ability to constantly display advertisement, flexibility and good opportunities to measure the response are since their creation growing more and more popular and they form a valuable marketing tool in the hands of right marketers. Based on the results of an analysis of the association IAB, year-on-year increase of this segment in the Slovak market represents 8% of the total value of 23.9 million expenses spent during the year 2012. With comparison to the U.S., its year-on-year increase of expenses spent on advertising in search engines during 2012 is 27%. Regarding anticipated expenses spent on the segment of online advertising, it is expected to increase by 17.2% to 22.86 billion. USD. (Khalid, 2012)

SEM represents a new field of knowledge of marketing- and technologies which enable the user to instantly see the most relevant search results are constantly improving under the pressure of marketers. A volume of information in any form of multimedia content is constantly growing, which will require new approaches to searching. Perfect examples are the currently popular social networks, as we do not even need to emphasise their marketing potential.. We dare to state that tools like PPC and SEO nowadays form an integral part of the strategy of building a competitively strong organisation.

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Výskumný zámer, projekt

Tento príspevok je jedným z čiastkových výstupov v súčasnosti riešeného vedecko-výskumného grantu VEGA č.1/1338/12 s názvom „Vplyv virtuálnych sociálnych sietí na potenciálnych spotrebiteľov a zvýšenie konkurencieschopnosti slovenských MSP.“