

A Supplement to

DM NEWS

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The Direct Marketer's Essential Guide to

SEARCH ENGINE MARKETING

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From the Editors of DM News,
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Looking Beyond Search Engine Marketing to Boost Campaign Performance

By Anand Subramanian

As Internet marketing evolves, companies are under increasing pressure to choose online advertising solutions with the highest potential to generate desired results. A solution with merit is search, which can serve as an effective channel to attract customers.



However, search's popularity has posed challenges to the marketer, namely a lack of available inventory. With more marketers turning to the Internet to conduct ad campaigns, little choice is left in regard to ad placement and frequency. As a result, there is fierce competition, making ad and cost-per-click rates soar. Other advertising tools can supplement search

and provide marketers with more cost-effective options.

Enter contextual advertising, a viable option for marketers who are looking beyond search to enhance ad performance. Whereas space on search sites is limited, the space available for contextual ads is not, because they appear on content sites, such as those for newspapers and magazines. With nearly 30,000 newspapers and magazines in the United States alone, it's easy to extract the potential — less competition for inventory and far less expense.

Contextual advertising and the Internet are a perfect match because they are centered around dynamic information. As individuals browse the Web, they are presented with ads relevant to what they are reading. The high degree of an ad's content relevancy promises the potential for a higher click-through rate and an increase in sales.

Also, contextual advertising attracts a different kind of consumer who is not targeted as effectively through search. People who use search are active buyers, searching for something specific that they already have seen an ad or promotion for elsewhere. Therefore, the

number of new prospects that can be reached through search is limited.

Contextual, on the other hand, targets "passive buyers," since many

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people are incited to buy a product only after they've seen a contextual ad that corresponds to what they've read. In essence, contextual creates a new set of prospects for the advertiser.

Meredith Corp. is an example of a company that displays contextual ads on its sites, such as Better Homes and Gardens, a ContextWeb client. The value for the magazine is that it will be able to offer relevant ads at the right time to the right customer. Financial analyst firm U.S. Bancorp Piper Jaffray expects contextual advertising to generate \$100 million this year alone and grow to a \$1.4 billion market by 2008.

Given this, it can be predicted that as search becomes more saturated, marketers will look to supplemental and targeted solutions to achieve cost-effective, powerful results. ☺



Automated Bid Management Tools Remove Cap on Lids.com Efforts

By Fredrick Marckini

To meet your paid search advertising goals, you must find a way to overcome time as a limiting factor. Because there are numerous "levers" that require frequent adjustment within the paid search auction of every keyword, it typically isn't long before the volume of keywords on which you bid, and the price competition that you face, turns the manual management of your campaign into a full-time job.

And unless you are manually raising and lowering bids continuously 24/7 and 365

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days a year in response to the dynamics of each and every keyword auction in which you are participating, money is being thrown out the window.

This was the case in early 2004 with the paid search campaign of Lids.com, the online sales channel for the 550-location Hatworld chain of retail stores. But by the end of 2004, the number of monthly orders generated by

Lids.com's paid search campaign had doubled, cost per order had dropped 60 percent and

return on advertising spend had increased more than 150 percent. Plus, the company's executives weren't spending a minute longer managing their campaign than they had been months earlier.

Lids.com achieved these results by replacing manual management of its campaign with management via an objective-based, automated bidding agent.

The first time the company faced was raising and lowering bids on all of the keywords used to describe the 7,500 products sold on the site. When managing the cam-

campaign manually, Lids.com was able to manage only 500 keywords and had time to do it only in the Google **Continued on page 44**

