

# Importance of search engine marketing marketing essay



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The Internet has induced a significant change in the way the public make and acquire information, which leads to shift their pattern in terms of search and purchase (Ghose & Yang 2009). Search engines give consumers means to connect with related information which is available in the Internet environment (Rangaswamy et al. 2009). From the perspective of firms, Search Engine Marketing (SEM) enables them to put advertising on search engines to target consumers (Boughton 2005). In the tourism industry, many companies may have difficulty being “ visible” on search engine return pages (SERPs) due to massive results about a particular keyword which consumers are searching for. In this paper, it will be dealt with two options of SEM which a small tourism business marketer can consider to expand their business: Search Engine Optimization (SEO), Pay Per Click (also called as Paid Placement). Furthermore, advantages and disadvantages of two options will be analysed in terms of several aspects, and a single method will be chosen by reflecting upon the purpose of a small tourism company. Furthermore, some recommendation that the selected option can have in order to overcome its limitation will be mentioned.

## **Importance of Search Engine Marketing (SEM)**

SEMPO (Search Engine Marketing Professional Organisational) (2009)

declared at the Search Engine Strategies Conference that expenditure on SEM will continuously increase in 2009 in spite of repercussion of the global financial crisis, and also expected that total spending on SEM will reach \$26.1 billion in 2013. The reason for large investment of companies on SEM is that as contrasted with the slow increment in the number of viewership of TV, approximately 10-20% growth in online search volume is achieved every

year (Hoffman & Novak 2000). Hotchkiss et al. (2004) announce that the searching population relies extremely on search engine for online searches, which reminds online dealers of the importance of developing marketing strategies that enhances their firms' visibility in the search results presented to potential customers.

Furthermore, Weideman and Chambers (2005) reported that it is significant for marketers to have their websites placed on the first SERPs, or not less than on the first three pages of search results. According to iProspect (2006), 62% of search engine users' click on results within first SERPs, and 90% of online searcher incline to click on results within the first three pages of SERPs. Accordingly, it is obviously seen that effective SEM development is a greatly important issue for all companies to place their website link on at least the first three result pages in order to expose itself to their prospect customers in the Internet environment.

## **Search Engine Optimisation (SEO) and Pay Per Click**

Broadly, SEM is defined as a form of Internet marketing whereby firms and organizations attempt to obtain high visibility on SERPs via paid or non-paid methods (Moran & Hunt 2005). There are two major forms of SEM: (1) Search engine optimisation (SEO), and (2) Paid search marketing or Pay Per Click (Chaffey et al. 2009). SEO is used to reach the highest ranking in terms of a company or its product in the natural or organic listings regarding a particular combination of keywords which searchers type (Chaffey et al. 2009). The performance of SEO can be improved by reforming firms' websites codes such as the title tag, meta-tags, heading tags and so forth (Chaffey et al. 2009). Pay Per Click means that firms pay search engine such <https://assignbuster.com/importance-of-search-engine-marketing-marketing-essay/>

as Google and Yahoo to be placed in the sponsored section (in case of Google, called sponsored link) of search result pages about keywords consumers enter (Hansell 2001).

According to SEMPO (2007), approximately 87% of the amount spent on Pay Per Click and SEO captured only about 11% in 2007. The reason of this distinctive investment between two options is that Pay Per Click is regarded as the best method of enhancing visibility in the search result page (Sen 2005). The reason why companies focus on improving their visibility on SERPs is that high visibility will lead to more access to a firm's website, which could result in more profits for the firm (Sen 2005).

However, the expenditure of firms on SEO is predicted to increase as implementing SEO is generally cheaper than Pay Per Click (Hallerman 2008). Furthermore, iProspect study represented (2004) that Google users clicked on an organic listing (72.3%) over two times more than on a sponsored link (27.7%). In this regard, investing on only implementing Pay Per Click seems somewhat not a efficient strategy.

In order to maximise the performance of SEM which firms implement, it will be best to use both of types. However, most marketers may have a limited budget to spend on SEM implementing. Accordingly, they have to choose the best option in consideration of their firms' current position, reputation, and financial status.

## **The value of search to tourism business**

Search engines have become a vital tool for online travel planners. They

frequently initiate making their trip plan by utilizing search engines to search <https://assignbuster.com/importance-of-search-engine-marketing-marketing-essay/>

for and select useful information (Pan & Fesenmaier 2006). If travel information seekers hold a friendly website in their bookmark or have decided a particular website to visit, they might go sprightly to the website. However, if online travel planners do not have sufficient information for travel websites, they generally select a search engine, type keywords, and perform the search. Afterwards, they are exposed to the results of their keywords entered (Hwang et al. 2006). Furthermore, Travel Industry Association reports (2005) that the first place which consumers visit to make a travel plan is increasingly search engine websites.

As a tremendous online travel planners use search engine to find travel websites, tourism companies have to recognise the importance of effective SEM development. This is because visibility of a website on the Internet is related with the number of visitors. For example, travel companies make every effort to ensure that tourism-related information become visible so that potential visitors can access it (Werthner & Klein 1999). Moreover, Kim and Fesenmaier (2008) announce that consumers' first impression on, as well as consequently the general estimation of, a destination marketing organization's website can influenced considerably by the use of search engine. Accordingly, it is more likely that search engines affects positive attitudes toward tourism business. Therefore, tourism marketers have to consider the way in which their websites are searched by search engines more easily and more frequently to maximize its advantaged involved.

### **Challenges of Search Engine in tourism business**

Although search engine has positive effects on tourism business, they have faced challenges. Research has shown that numerous tourism firms' <https://assignbuster.com/importance-of-search-engine-marketing-marketing-essay/>

websites are increasingly invisible to prospective searchers (Xiang & Pan 2009). According to Wober (2006), many tourism businesses were pushed back on the search results for travel related keywords consumers entered. This will lead consumers to spend considerable amount of time on relevant information finding they intend. Besides, this also makes consumers to have difficulty accessing directly a particular tourism business via search engine (Xiang & Pan 2009).

It might be easily presumed that it is more difficult for small and medium-size tourism firms to be visible on the screen of users than big firms due to their low reputation. Xiang et al. found (2008) that search results in Google are dominated by a small number of big tourism enterprises, which results in the visibility decrease of innumerable small and medium-sized tourism enterprises. Accordingly, tourism marketers, especially those who are engaged in small and medium-sized tourism enterprises, have to make effective SEM strategies to make their websites to become more visible than their competitors.

### **Assumption of a small tourism company**

In this paper, it will be assumed that a small tourism company launched its business six months ago. It has low brand value, and most consumers do not know its existence in the tourism industry. Furthermore, it has tight budgets, thereby having a trouble in hiring salespeople.

### **Analysis of strength and weakness of SEO and Pay Per Click**

In this part, two kinds of options regarding SEM, SEO and Pay Per Click will be addressed as an option. In 2007, SEMPO (2007) conducted a survey of

purpose of SEM use to advertisers. According to respondents, three main purposes of using SEM is (1) to sell products, services or content directly online (approximately 58%), (2) to raise brand awareness of their products or services (about 63%), and (3) to drive traffic to their websites (nearly 43%). From the results of this survey, several criteria in terms of a choice between SEO and Pay can be selected.

Furthermore, SEMPO (2007) conducted another survey for same interviewees, which could be a somewhat persuasive evidence to select criteria. It questioned them about metrics considered to measure the success of SEM. About 76% of marketers paid attention to both increased traffic volume and conversion rate. In addition, approximately 70% of marketers tracked click-thru rate and 67% of them measured return on investment as a metric for success of SME. Marketers need to consider online searchers' preference and relevance of results about query.

From the response to the survey, four criteria in terms of a choice between SEO and Pay Per Click can be led; (1) conversion rate, (2) click rate and visibility, (3) ROI (Return on Investment), (4) preference and traffic (5) relevance.

## **Conversion rate**

Conversion rate means the percentage of clicks on Pay Per Click or SEO link that generate a sale for firms' websites (Neethling 2007). If conversion rate is 20%, two out of ten clicks do not create any profit for those websites.

Ghose and Yang (2008) found that the conversion rate of Pay Per Click is approximately two times more than that of SEO, respectively 5.4% and 2.

76%. In this regard, if a firm implement Pay Per Click, it can make a profit twice more than SEO.

### **Click rate and visibility**

As mentioned in ' 3. Search Engine Optimisation (SEO) and Pay Per Click', SEO has higher click rate than Pay Per Click while SEO's visibility is lower than Pay Per Click.

### **ROI (Return on Investment)**

ROI will be an important measure for accountants of all companies because it indicates the effectiveness of an investment. iProspect (2005) conducted a survey with 636 qualified search marketers and 224 qualified search agencies in terms of ROI of SEO and Pay Per Click. In this survey, respondents revealed that SEO (35%) generates approximately three times higher than paid search (11%). The more interesting figure is that even more search marketers (42%) who utilise both SEO and paid search felt that SEO produces a higher ROI than Pay Per Click.

### **Preference**

Several research present that many online search users have a preference for results from SEO over Pay Per Click. According to a survey conducted by Hotchkiss et al. with 425 respondents, who extremely selected links providing trusted and unbiased information source information (2004), over 77% of participants selected organic links rather than the sponsored link. Furthermore, Hotchkiss (2004) found that even 20% of users who have inefficient experience in online search have confusion about the definition of sponsored link on the search result page. In addition, this research also



represented that if sponsored listings were located on the right side of the result page on screen, then many online searchers did not pay attention to or did not perceive the sponsored listings partially.

Moreover, in a survey conducted by Jansen and Resnick (2006), 56 participants revealed a bias against sponsored link. In this test, 82% of participants viewed the organic listings first as contrasted with 6% for sponsored link. Additionally, over 73% of the searchers viewed sponsored links just once during the six search times. Accordingly, it can be also anticipated that SEO can acquire more traffic than PPC.

## **Relevance**

Online searchers found that organic search results are more relevant than sponsored link results in terms of their keywords. According to iProspect (2004), across the four main search engines, Google, Yahoo, Msn, and AOL, 60.5% of respondents found that organic results were more relevant about same query. In particular, about 72% of Google users felt that organic results were more suitable for their keywords.

## **Option choice**

Although both SEO and Pay Per Click have its distinctive advantages, it will be insisted that SEO is a better option for a small tourism company. In consideration of selecting SEO, sever criteria such as Return on Investment, preference, click rate, traffic rate, and result relevance are considered.

First of all, Return on Investment is the most important criterion to select for a small tourism business since it has inefficient budget to implement.

Although conversion rate of Pay Per Click is higher than SEO, the firm needs to make a profit as much as possible with limited budget. On the basis of ROI from Table 1, if it utilises SEO rather than Pay Per click for its SEM, it can obtain more effective financial outcome.

Next, the preference of search engine users is also critical criterion. Although visibility of Pay Per Click is higher than SEO, if searchers ignore sponsored link, it does not give any effect on a small tourism company. This preference of SEO can lead to higher click rate and traffic rate, which will assist the firm to increase its brand awareness and reputation. For a small tourism business, enhancing brand awareness will be also extremely important as much as earning profits for its long-term outcome.

Lastly, a small tourism company needs to always appear on SERPs for query in terms of its company. Since the firm launched recently, if online users search for its company, it is highly likelihood that massive results could show up including totally different results. Accordingly, in order for the users to find its company easily, SEO is a better method than Pay Per Click.

## **Recommendation**

Though it is insisted that SEO is a better method for a small business tourism company, obviously, its low visibility is a challenge. Furthermore, the performance of SEO depends on search engine algorithm. Accordingly, the position of search result about a small business company could be different, and even it could not appear on SERPs. In order for the firm to be more exposed on SERPs, it needs to use social networking service (SNS) such as Facebook and Twitter. The firm can add its link to SNS, which will lead to

higher position on SERPs. This is because external link from other sites has an impact on ranking. Furthermore, it will also increase the firm's brand awareness.

## **Conclusion**

It will be expected that much more companies utilise search engine marketing since consumers increasingly depends on the Internet to search for product or service information. Although there are several sorts of search engine marketing methods, firms with small budgets may have difficult to employ all methods. Accordingly, they need to analyse the advantages and disadvantages of its method, and also consider their financial condition and purpose. Though search engine optimisation and Pay Per Click will have an positive impact on most firms, it will be suggested that a small tourism company utilizes search engine optimisation due to its higher Return on Investment, preference, click rate, traffic rate, and result relevance. However, search engine optimisation also has challenge. Accordingly, firms need to use social networking service to maximize the effect of search engine optimisation. Furthermore, they have to make high quality contents within their website in order to attract online searchers.