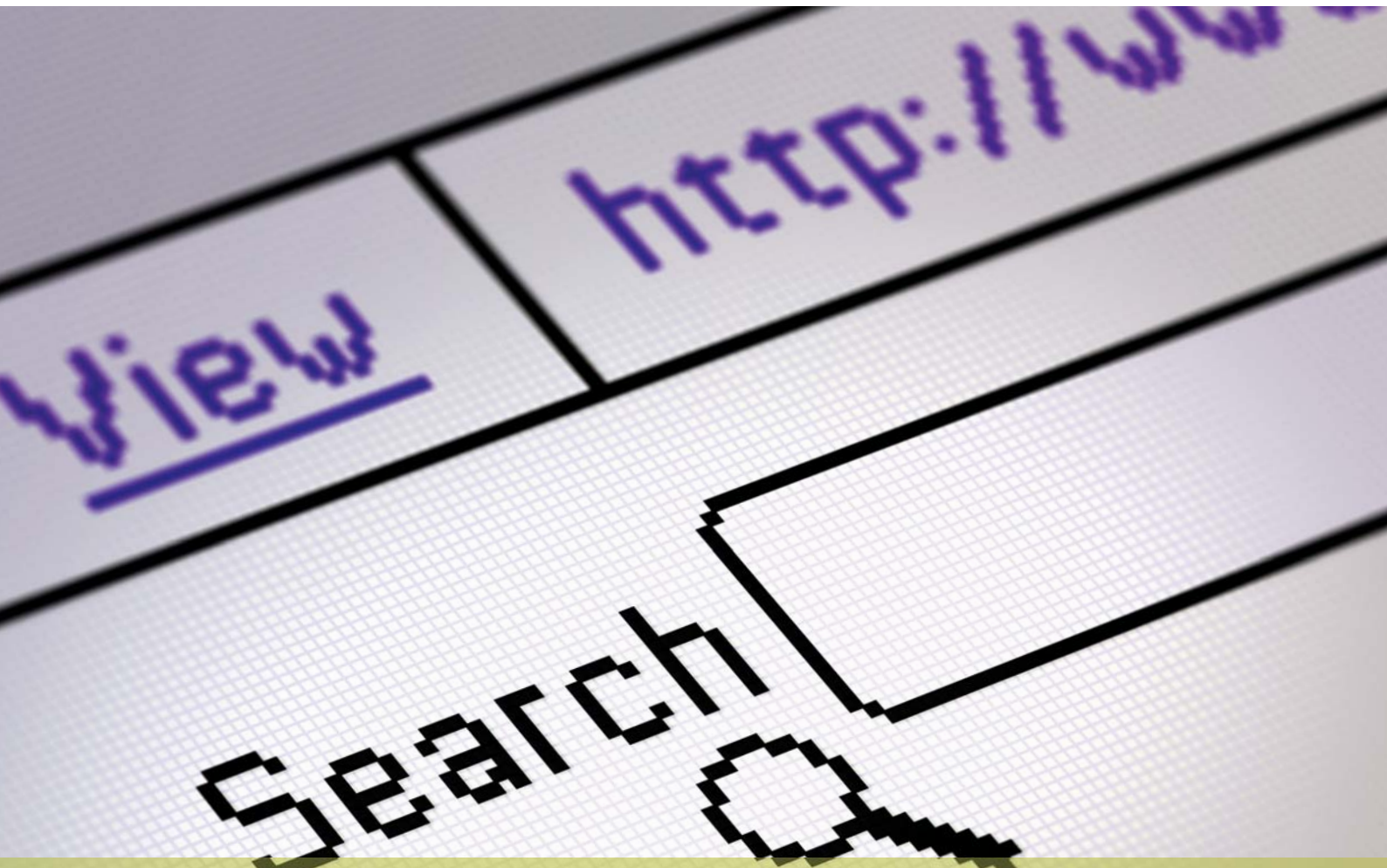




White Box World

Search is reinventing marketing
and transforming B2C conversations





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The **Media** sector team have invested in more than 20 businesses, including:

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US-based internet enterprise with a unique blend of domain services and niche content websites

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Performance-based online advertising network, sold to Yahoo! in 2007

[VNU Media](#)

The market leader in online and print recruitment advertising in The Netherlands

[Screentonic](#)

European pioneer in mobile advertising, sold to Microsoft in 2007

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1 2 3 **Next**

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Contributing to this report:

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[Nick Hynes](#)

Former CEO of the IMW Group, owners of The Search Works

[Steve Ives](#)

CEO, Taptu

[Sir Martin Sorrell](#)

Group Chief Executive, WPP

[Stephen Taylor](#)

Former Regional Vice President, Search, Yahoo! Europe

<http://media.3i.com/page/comment>



“ Graphic and classified ads play a part, but the clear victor in the war for online dollars is search. ”

When Sir Martin Sorrell, one of the world's top marketing gurus, says “The medium is becoming more important than the message”, it's time to sit up and take notice.

He is, of course, referring to the phenomenal impact that online marketing has had on the commercial world, revolutionising the way companies connect with customers.

Graphic and classified ads play a part, but the clear victor in the war for online dollars is search – offering paid-for positions in results lists and giving businesses a direct line to millions of people hungry for goods, services and information.

Over the last five years, the ubiquitous white box has come to play a central role in a vast range of activities – from researching a business proposal to finding the nearest pizza parlour.

The explosion of price comparison sites has, in my view, created a lucrative and lasting market that simply wouldn't have been possible without search.

Search's place is brilliantly summed up by thought leader John Battelle in his evocative phrase “the database of our intentions” – reflecting its impact not simply on commerce but on many aspects of our lives today.

In the USA alone, figures from eMarketer reveal that 155 million people – half the population – used search in 2007. Spending on search advertising increased by 27% to reach €6.2bn, some 75% of which is estimated to have gone to Google.

In these pages, we examine the central position of Google and look at other key topics in the world of search, including the role of the marketing agency and the rise of mobile and social search.

The contributions come not only from Sir Martin Sorrell and John Battelle but also leading figures from Google, Yahoo! and the independent sector – including mobile search pioneer, Taptu, one of several 3i investments in the sector.

The ideas included here are simply the tip of the iceberg. To hear more, visit our media microsite, where you can select from a series of thought-provoking podcasts, at <http://media.3i.com>

Or just type “3i media sector” into your search engine...

Mike Reid,
Director, Technology,
Media and Telecoms

The new key to commerce



In a sector often dogged by hype, one thing is clear: search is already huge, it's growing rapidly and it's fundamentally changing the way products and services are marketed. The numbers are there to prove it.

In the USA alone, figures from eMarketer suggest that search advertising spend totalled €6.2bn in 2007 and will reach €12.1bn in 2011. That's because businesses know that search works and intend to devote an ever-increasing proportion of their marketing spend to it.

A McKinsey survey in 2007 invited 410 companies globally to look ahead to 2010: respondents expected a majority of their customers to discover new products or services online and a third to purchase goods there. But to discover and buy goods online, customers must know where to look – or be guided there by a search engine.

The Internet Advertising Bureau, in partnership with PricewaterhouseCoopers, published some revelatory figures for UK advertising during the first half of 2007:

- Online advertising spend reached €1.9bn (14.7% of all advertising revenue – up from 10.5% in H1 2006).
- Spending on online advertising grew at 41.3% year-on-year, greatly exceeding the 3.1% growth rate for advertising as a whole.
- Search took 57% of the online advertising spend (€1.1bn), with display ads, classifieds and e-mail taking the rest.

Marketing: reinvented

Nick Hynes, who headed The Search Works until December 2007, sums up the tool's appeal: "It gives control of the three key levers – how many customers, how much do you want to pay per customer, and when do you want them in the door. That is unique. Those attributes are unavailable in any other medium. You can pay zero and be at the bottom of the list, or pay the top amount to be number one."

For Sir Martin Sorrell, head of global marketing giant WPP, the rapid growth of online marketing has changed the landscape: "In the Western world, new media have attacked and disintermediated a number of traditional channels.

"Sweden will be the first country where online marketing spend outdistances TV this year. GroupM's forecast is that it will outdistance TV next year in the UK."

When asked to identify the characteristics that distinguish online marketing tools, Sir Martin is clear: "Targeting and measurability. The argument has always been that they're more measurable, they're more targeted, they're more one-to-one."



Google switched the model around to say it's not about attaching your message to content. It's about attaching your message to intent.

John Battelle, Co-Founder, Wired magazine



Search

Key to commerce |

GO



It gives control of the three key levers – how many customers, how much do you want to pay per customer, and when do you want them in the door. You can pay zero and be at the bottom of the list, or pay the top amount to be number one.

Nick Hynes, former CEO of the IMW Group, owners of The Search Works

Reversing the economic model

For over a decade, John Battelle has been an internet thought leader. He co-founded Wired magazine and wrote the seminal 2005 book, *The Search*. In his view, search offers a fundamental departure: "In the past, marketers acquired leads by finding content that had acquired an audience – let's say the Oprah television show. That has a very dedicated audience – usually female, usually 18 to 54 – and if you wanted to speak to women in that age group you attached your marketing to Oprah.

"Google switched the model around to say it's not about attaching your message to content. It's about attaching your message to intent. In other words, when someone declares their intent in a search engine, say the Chrysler mini van, you can put your ad there and you know someone's actually interested in a Chrysler mini van. That's a very, very different thing.

"And the nifty trick that really flipped the whole economic model was you don't have to pay for that ad until someone actually clicks on it. So it's performance based."

The database of our intentions

John Battelle coined the term "the database of our intentions". For him, the impact of search goes very wide: "The commercial expression of search has been one of the most extraordinary events in the history of business. And Google is one of the more extraordinary companies in the history of business. But I think the implications of what we're creating are much broader than just the economic impact.

"The idea that hundreds of millions of people ask questions in a search box and then take action after retrieving results strikes me as an unprecedented historical artefact of what our culture wants, needs, desires, is looking for, is afraid of, is hopeful for."

New patterns of consumer behaviour

Increasingly consumers are using search engines as the default way of navigating the web and as a gateway to sites that help them find value for money.

Add to basket 

The navigator of choice

Hitwise tracks about 10 million individual search terms a month in the UK. As Research Director, Robin Goad understands the evolving nature of search's role: "One in every eight internet visits is to a search engine and that's increased over the last two years from one in nine – a 15% rise in market share.

"The majority of search terms are 'branded' or 'navigational'. That's people searching for a particular website, such as Bebo or eBay. In 2007, we looked at the top 2,000 search terms and found that 81% were navigational terms, up 20% over the last two years. A key driver is the growth in the number of people with a search box in their tool bar.

"This means that search marketers need to focus on 'the long tail'. Not on the top 200 terms that are probably trademarked or very expensive for bidding, but the millions of terms in the tail, where generally people are looking for more specific things. These often provide better conversion for search marketers and are not necessarily as competitive."

Vertical search and price comparison

Vertical search sites, specialising in a particular product or service, are a growth area, as Robin Goad explains: "There are a number of areas where we see 'vertical search' growing. The biggest are in the flight and utility sectors, and some financial services areas, such as credit cards. Those are still much smaller

than Google but their market share is absolutely growing."

The relationship between vertical and general search is symbiotic, as Robin explains: "If you look at an 'average' website, around a third of the traffic will come from search. But if you look at a vertical search site, up to 80% of their traffic may be coming from a traditional search engine."

For 3i's Mike Reid, one aspect of vertical search stands out: "Price comparison has come up significantly in the last year. It's a very lucrative market. Customer acquisition and retention are key. The skillset is all about getting you to use my price comparison engine and stay with it."

"Price comparison has come up significantly in the last year. It's a very lucrative market."

Mike Reid, Director, Technology, Media and Telecoms, 3i

Countries and sectors: Moving at their own pace

Although search marketing is a global phenomenon that has left few industries untouched, the take-up in different countries and sectors varies significantly.

3 Items found

14%

of the marketing mix spent online in the UK this year

60%

of all marketing spend in Western Europe comes from FMCG companies

“It has to be demonstrated to packaged goods advertisers that this would be an effective use of their money. For the FMCGs, measurability is critically important.”

Sir Martin Sorrell,
Group Chief Executive, WPP

A globally-differentiated phenomenon

Different characteristics of different markets affect the speed of take-up, as Nick Hynes reflects: “Corporates in America tend to be much bigger, so they tend to have their own online marketing departments.

“This is very different from Europe, where the countries are much smaller, and consumers in Paris tend to have different needs from consumers in Munich.

“Because of this, the agency world is much more important in Europe than it is in the USA. And because the internet works very successfully, we’re seeing much more marketing spend in Europe going into online.

“In the UK this year, we should see 14% of the marketing mix spent online. In the USA, that figure is likely to be 7.5–8%.

“The Far East tends to be more similar to Europe than the USA. Japan has the world’s second largest internet economy and the online agencies there control nearly everything in digital.”

A tidal wave waiting to hit

A key group of spenders has yet to open its wallet fully – the makers of fast-moving consumer goods (FMCGs). Nick Hynes explains: “Of all the marketing spend in Western Europe, something like 60% comes from FMCG companies, such as Unilever. That large chunk of spend isn’t reaching the online world because there hasn’t been the right media platform.

“Brand-related advertising with banners doesn’t appeal to FMCG players. It doesn’t have the same influence on customer behaviour as posters or magazines or TV. In addition, whether it’s soap powder or biscuits, consumers don’t proactively search for these products online.

“In 2010 or 2011, we’ll see online advertising overtaking TV spend. The challenge is to provide the right platforms for FMCGs to be successful advertisers online.”

In Sir Martin Sorrell’s view, the tidal wave of FMCG money will only flow in response to hard evidence: “It has to be demonstrated to packaged goods advertisers that this would be an effective use of their money. For the FMCGs, measurability is critically important.” ✕

Google: The leader in general search

For many people, “search” and “Google” are almost synonymous. How did this come to be? Is it good for consumers? And is it likely to change?

3 Items found

80%

Google's UK market share

€7bn

Google's annual revenue

“Our business model is built on the ability of an advertiser to reach a very large audience, in a highly-targeted way – to advertise against particular terms typed into Google, and only pay when the user clicks on their ad and goes to a relevant page”

Matt Brittin, Country Director, Google UK

Dominant – but not overwhelming

In the view of Robin Goad, Google's dominance is impressive – but not total: “In the UK, Google is a dominant player for traditional search. It has around 80% market share.

“But when you look into it more deeply, Google lags behind Microsoft and Yahoo!, in a couple of related areas. For example, in online e-mail, it lags behind Hotmail. And when you look at the news service, it lags behind Yahoo!”

For Robin, Google's pre-eminence in general search has two clear benefits: “As a marketer, the good thing about having one primary platform is that you can focus only on that platform.

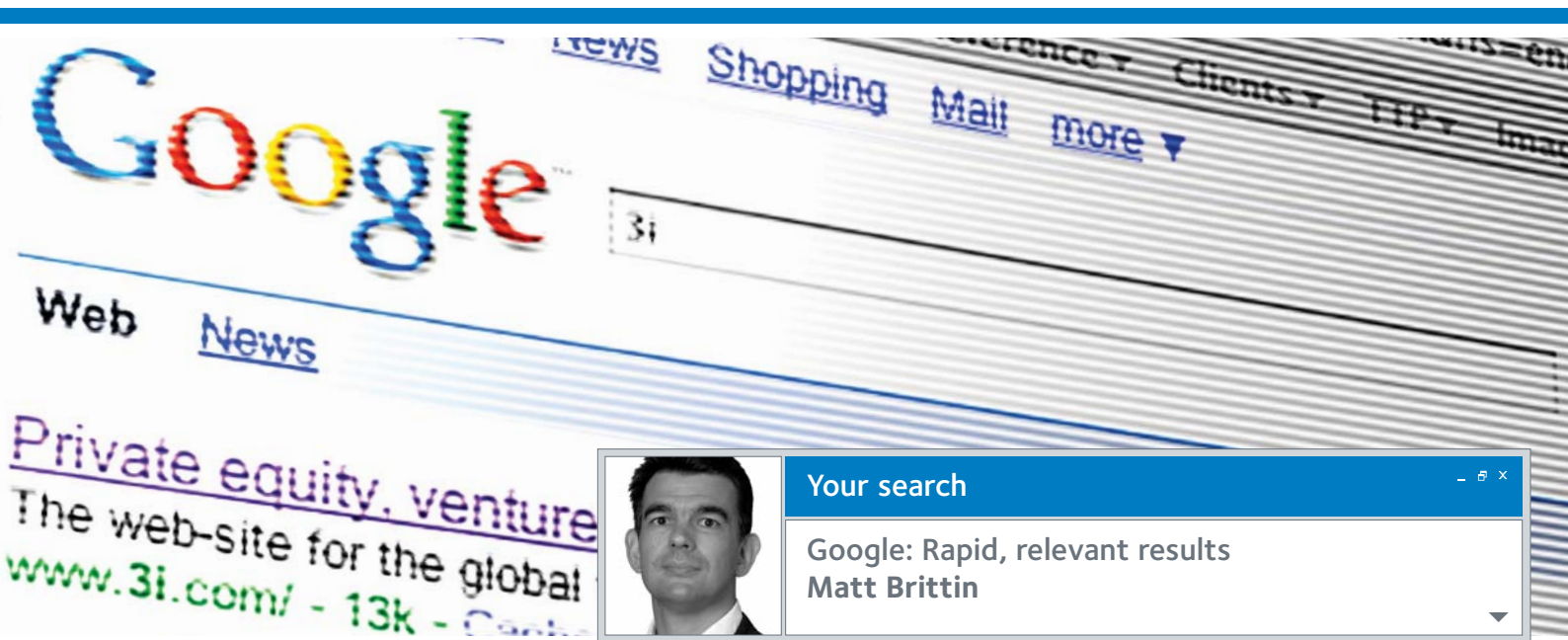
“In addition, those with the less dominant share are forced to innovate more. For example, Microsoft lets you have adverts that can be shown at particular times of day or targeted to particular demographics.”

Right place, right time, right product

Stephen Taylor, formerly a senior manager with Yahoo! understands Google's success: “The originators of the industry, like Alta Vista and Yahoo!, broadened out. Google came in when people were getting increasingly confused and hit the market with a very pure, quite brilliant approach that really got under the skin of what people were looking for. Without going into details of their algorithmic approach, it was fundamentally different to anything that had gone before.”

Although Stephen applauds Google's introduction, he doesn't view the subsequent period as a time of visible innovation: “At the consumer front-end, you haven't seen that much innovation from Google, Yahoo! or Microsoft in the core search experience.

“Underneath the bonnet, phenomenally clever innovations are being developed. But the big engines are paranoid about putting



Your search


Google: Rapid, relevant results
Matt Brittin

1 Result found for: Google: Rapid, relevant results

much of that live on their core product, because they – and the Wall Street analysts – measure every last pixel on the page, and the revenue for search. And almost anything radical you do at the consumer level will probably disrupt advertising revenues, at least in the short term.”

The unexpected threat

In Stephen Taylor’s view, “I believe very strongly that Google isn’t going to be beaten or heavily challenged by the other big players. Any shift from Google isn’t going to take place because a slightly better algorithm comes along.

“The shift, if there is one, will come through some of the other trends that we see. The growth of social utilities, such as Facebook, and other trends that start to make it less likely that I make a search engine decision. It’s a big possibility but we’re a long way from seeing the demise of Google just yet.” 

In under ten years, Google has grown from a start-up into a listed business earning more than €7bn (\$10bn) annual revenue. Matt Brittin, formerly director of strategy and digital at newspaper group Trinity Mirror, joined Google in January 2007 as its UK Country Director.

“Google’s one of the few websites in the world that actually tries to get you to leave as quickly as possible. We’re focused on very rapid, highly relevant results that allow you to find what you want.

“Our business model is built on the ability of an advertiser to reach a very large audience, in a highly-targeted way – to advertise against particular terms typed into Google, and only pay when the user clicks on their ad and goes to a relevant page.

“Our approach to ‘stickiness’ is not about getting people to spend lots of time on the core site, but getting

people to feel that this is a great tool and come back to us to use it to find more and different things.

“If you asked the founders of Google what competition they’re most concerned about, they would probably say two guys in a garage. In fact, I’ve heard them say that. It’s a smart answer, because this is a world in which innovation comes out of nowhere, and the established way is overturned by a completely different perspective, cost base and economic model.

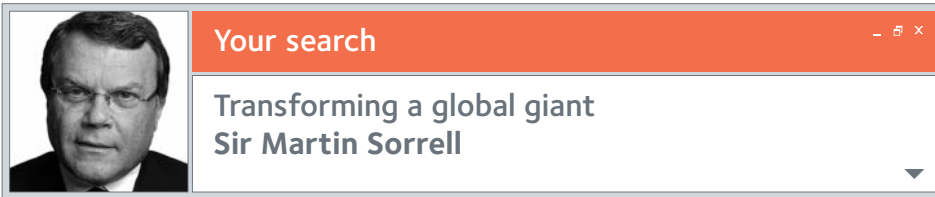
“That’s what keeps our leadership team feeling the need to innovate. Consumers can easily choose an alternative search engine, so we have to work hard all the time to keep up with consumer behaviour, innovate even better, and deliver even more relevant results.”

To listen to the full interview podcast, view the transcript or join the debate on Search, visit: <http://media.3i.com>



Supporting the online drive

Sir Martin Sorrell and Nick Hynes share their views on the role of the agency



1 Result found for: Transforming a global giant

Sir Martin Sorrell is one of the world's most authoritative figures in marketing. The company he founded, WPP, is a FTSE 100 giant with over 100,000 employees in more than 100 countries. The group's renowned brands in advertising, marketing and communications include Ogilvy & Mather, JWT and GroupM.

"Online is almost a quarter of our business. Out of our \$55bn (€40bn) of billings, a quarter is digital, interactive and internet, or influenced by them in some way.

"WPP has three objectives. A geographical objective in relation to the faster growing markets. An objective to grow non-traditional forms of advertising and marketing. And an objective to grow measurable areas, such as internet market research, because we think measurability will be increasingly important.

"The mark of success will be if WPP in five to ten years is more Asian, more Latin American, more African and Middle

Eastern, more Central and Eastern European, more outside traditional advertising and more measurable.

"It comes down to two things that are critical. One is geography and one is technology. Those two issues – or opportunities or challenges or threats – dominate everything that our clients do and that we do as a result. Those are the issues that we all have to deal with in a more concerted, assertive way.

"The smaller agencies that started from scratch have an advantage because they have a clean sheet. The older agencies have an advantage too because they have a database of clients, and the resources and networks to deliver across the board.

"In the last few months we've noticed that the new agencies have become quite frustrated because they can't break into the larger budgets without the help of these more institutional frameworks.

"Mergers and acquisitions that bring the two sets together are not easy but


it's what you have to do. Even if you start something from scratch inside a network agency, you have the problem of integrating the two different ways of thinking.

"Our acquisition of 24/7 took us full frontal into the new technological areas. I think many traditional agencies don't understand that the business has changed. It's still about people but it's about a different kind of people.

"I think the medium is becoming – or has become – more important than the message. You have to tailor the message to the medium and increasingly WPP is becoming a media company, a purveyor of media where we advise clients how much to spend and where to spend it, and tailor messages for individual media – and that's very different."

[To listen to the full interview podcast, view the transcript or join the debate on Search, visit: <http://media.3i.com>](#)





Your search
— ⌵ ×

A huge mathematical load
Nick Hynes

1 Result found for: A huge mathematical load

Nick Hynes is a pioneer in search marketing. In April 2000, he led the European launch of Overture, a year after the company transformed the American search environment through its then groundbreaking pay-for-placement model. From May 2004 to December 2007, Hynes was CEO of the IMW Group, which includes The Search Works, Europe's largest agency dedicated to search marketing services.

"The search marketing industry is very young and it's had a fast-changing environment to live with. The principles are similar to direct marketing and therefore a mathematical and financial set of skills are required to succeed.

"For some clients, The Search Works manages up to a million key words that are entered into search engines. Many travel clients, such as First Choice Holidays, have tens of thousands of products. And when a consumer searches for a villa on Rhodes, they're not interested in hearing about a holiday in Barbados. It's our job to

ensure that whenever they search for a product the First Choice option is near the top of the list.

"On behalf of clients, we calculate the best words to list against and how much we should pay for that consumer to click on that search result. To work that out, we need to understand how many of the consumers that click on the search result actually buy a holiday. And we have to record all that sales activity to calculate what sort of margins First Choice is achieving through the search engine route to market.

"For tens of thousands of products, working 24 hours a day, seven days a week, that's a huge mathematical load. To do it, you need technology. A big difference from most forms of marketing is that technology is absolutely crucial. If you've got it, and have the skill to know what really works, you can achieve huge returns on investment – far in excess of anything else you can do in the world of marketing.

"But the costs are high – in skilled staff, training and technology. And that kind of investment is not usual for big network agencies, which tend to be professional services environments.

"That's why independent search specialists continue to win huge chunks of the online marketing budget. The 2006 rankings for New Media Age showed The Search Works is twice as big as its nearest competitor, which was another independent. You didn't see a network agency until number three or four. We're relatively small but we have the knowledge, skills and technology to fight our corner very successfully."

[To listen to the full interview podcast, view the transcript or join the debate on Search, visit: <http://media.3i.com>](#)



Formats fit for purpose

Printed directories may seem “last century” but retain a tenacious grip on consumer loyalty for local spending. Meanwhile, mobile search may be about to deliver its long-held promise, as it prepares to go social.

2 Items found

€2.7bn

expected global spending on mobile search advertising in 2012

“Mobile phones will become the optimum way of accessing social networks because they are always with you and are less subject to workplace usage rules.”

Steve Ives, CEO, Taptu



Making mobile search more social

Steve Ives is the CEO of pioneering mobile search business Taptu (see panel). In Taptu's February 2008 white paper, “Making search social” (www.taptu.com/whitepaper) he argues: “While the PC has evolved to become a social device, the mobile phone is a supersocial device. Mobile phones will become the optimum way of accessing social networks because they are always with you and are less subject to workplace usage rules.

“Users will search for content and information that has social significance or lends social currency. When they find a phone number, they will want to dial that number. When they find a song, they will want to download a preview and play it, and share that result with friends.”

The white paper identifies “megatrends” that are making it easier for people to use their phones online – including handset improvements, the spread of mobile broadband, and the abandonment of operator restrictions. In the view of Steve Ives, these ongoing trends will deliver a mobile internet that is ready


for the mass-market in 2010 and will start to drive profound changes in consumer behaviour from 2012.

Recent figures from eMarketer appear to support his view: global spending on mobile search advertising is expected to grow from a modest €60.5m in 2007 to a mammoth €2.7bn in 2012.

The thick book shrinks

The enduring appeal of the printed directory is summed up by Peter Buxton (see panel on page 14) very simply: “The 100% database is always the key advantage that Yellow Pages starts with, which nobody else has to offer.”

This advantage is particularly relevant for providers and consumers of local goods and services. In Peter's view: “In twenty years' time, I don't think we will have big, thick, city Yellow Pages books. I am sure we'll have printed books but they will be somewhat more local and much more targeted.

“You will have the city broken into seven or eight parts. Currently the typical directory has a circulation of 500,000. I see that coming down to under 100,000.” 



Your search

Taptu – a great leap, not incremental change
Steve Ives

1 Result found for: Taptu - a great leap, not incremental change

Steve Ives is the CEO of Taptu (www.taptu.com), a 3i-backed business that is delivering the possibilities of mobile search, making it more social.

"Around 500 billion searches a year are made on a desktop, but only around ten billion searches a year are made on mobile devices. So mobile search is currently around 2% of desktop. This isn't because there are many fewer devices – in fact, there are probably more mobile devices connected to the internet than desktop devices. It's to do with mobile search not having entered the mainstream for most consumers.

"There are a few issues that contribute to this. Firstly, the small screen: the typical PC website has all sorts of navigational links, and when you try to put that on a mobile screen, you end up with a long, thin strip.

"Relevance is a big issue because desktop web content isn't mobile friendly. There are also networking

issues – mobile networks are slower than broadband. And cost is a factor because on mobile internet today most consumers don't have a flat rate tariff.

"However, even with the cost issue, the minute people get a 3G phone they're doing double to triple the amount of mobile internet stuff.

"Where mobile search really scores is in letting you use dead time. If you're in a queue, you might do a quick search for a car. You won't buy one but you might get to the stage of booking a test drive. And you're more likely to do that on a mobile than a PC.

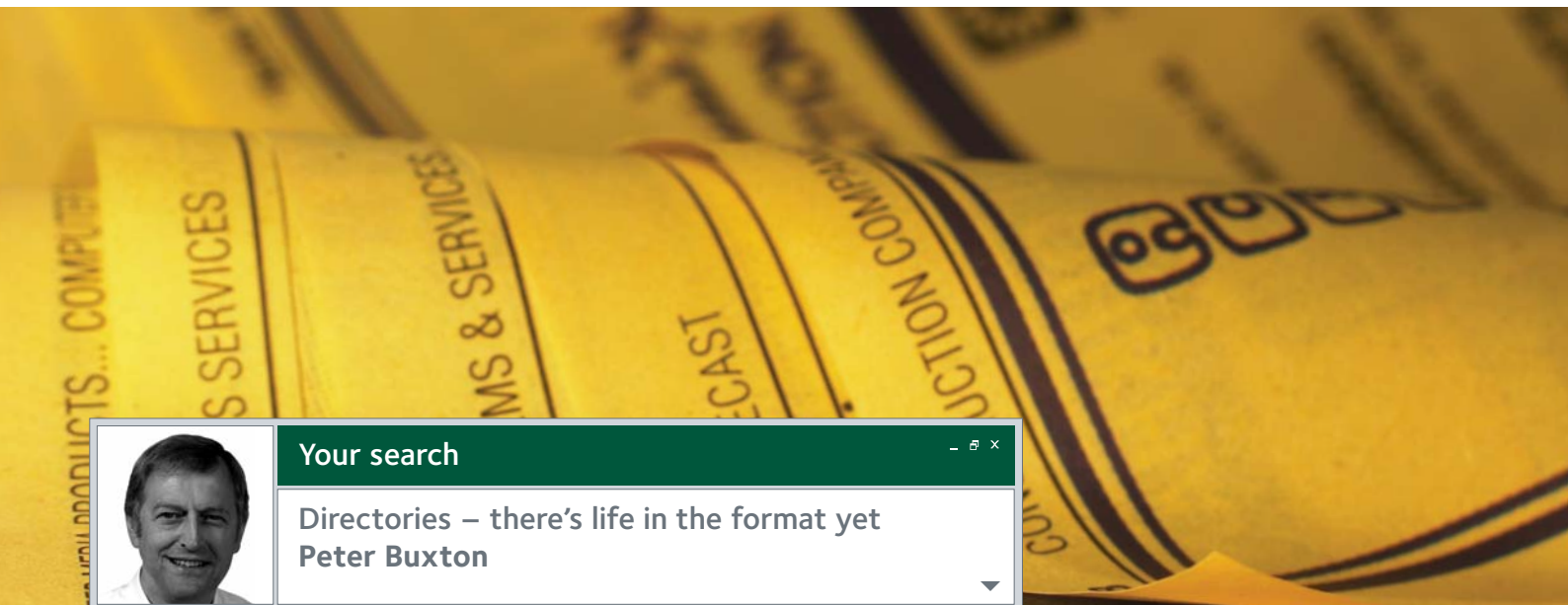
"In 2002, an experiment measured the browsing behaviour of 150,000 people and found their desire to keep navigating reduced drastically once they passed 12 clicks plus scrolls. Today's mobile search services from big brands typically have a distance to good results of around 30 clicks – way above the 12 needed for a good experience.

"Taptu helps consumers reliably find content on their mobile phone in 10 clicks or less, so creating a huge improvement in the user experience.

"We get paid when users click on ads. It's a recognisable model – but with mobile in the future you have much more information available on the profile of users, so you can display much more relevant advertising. This attracts significantly higher rates of revenue.

"Initially we've focused Taptu on music and fact finding but we're steadily expanding to a larger range of categories to deliver a full universal mobile search service in 2008.

"Google introduced their mobile model in 2001. Their lack of penetration isn't for lack of trying or lack of resources. I think they're translating their model for desktop search a little too literally to mobile. Mobile's really a different model of search. It requires discontinuous innovation and that's hard for a really big successful company to do."



Your search

Directories – there’s life in the format yet
Peter Buxton

1 Result found for: Directories – there’s life in the format yet

Peter Buxton has worked in the world of directories for 30 years, initially with ITT World Directories and, since 1995, as a consultant (www.buxton-independent.com).

“The Yellow Pages publisher has three key assets. Brand awareness, which, in most markets, is at least 90%. An advertising base, which it retains at 85–90% a year. And enormous sales coverage: it covers every single business in the country once a year. Google and Yahoo! also have brands but they don't have a retention rate which is as high, because it takes years to achieve. And they don't have a sales force.

“My company, Yellow Pages Today, is involved in a twice-a-year research study across the seven main countries of Europe. One question is, ‘When you're looking for local goods and services, where do you look first?’

“The last study showed that 46% of adults would first search in printed Yellow Pages. That compares, for example, with only 18% who would look in a search engine first.

“The typical Yellow Pages advertiser is a very small business, probably with fewer than five employees – typically somebody like the plumber. Online hasn't really changed the world of the plumber: what he has to offer today is the same as it was twenty years ago. So, you don't need up-to-date information when you're searching for a plumber and the chances are you'll use print.

“Online or offline, Yellow Pages is the 100% source – a key advantage nobody else can offer. If, for example, you were searching for a hotel in Oxford and looked in the Yellow Pages, you would find every single hotel listed. If you looked under Google for hotels in

Oxford, you would almost certainly not find 100% of hotels in Oxford but you would get booking agencies, travel agencies, maybe even restaurants.

“On the other hand, if you wanted a takeaway pizza and looked in Yellow Pages, you would get 100% of pizza deliveries, which you don't need, whereas if you looked in Google, you would find something quick and convenient. So the different services have different benefits.

“In those markets with a local Google, the biggest attack has been in entertainment: there are several key words that are very successful in online search and that is hitting Yellow Pages. But that's a relatively small piece of the 1,500 headings that Yellow Pages has. In many areas, Yellow Pages is holding strong.”

Search's coming of age

Although search has powered its way into the marketing arena, many commentators feel that the true power of its conversations has yet to be revealed.

The wall must fall

In many organisations, there remain clear divides between traditional and online channels. Matt Brittin of Google sees signs that these are ready to fall: "Companies haven't got a group of consumers who shop online and a group who shop offline. They have all of us who often research online and purchase offline, and sometimes research in-store and purchase online. We all operate in one world.

"Some years back, when many retailers decided to have an online shop, they probably had it in a separate organisational unit. In many cases, it's now the biggest store and they're thinking about how to integrate it with their traditional business.

"That creates real organisational challenges. For example, if you're in fashion retail, what catalogue do you want to offer – do you want more or less range online than in the stores? Those challenges start to surface when you have an online business that's clearly linked to the traditional business and your consumers shop across both."

A seamless whole

The marketing challenges of merging the two worlds into a seamless whole are clear to Robin Goad of Hitwise: "More and more clients are closely aligning offline and online spending. It's clear that a successful offline campaign needs to be backed up with online marketing. A simple way of expressing it is that one plus one, if done properly, could potentially equal three or four.

"There are a couple of priorities for companies. One is to optimise their search strategies, to make sure that when people search for that message or company or brand, they go to the right place. The second priority is to build specific landing pages, so that customers driven to your website by a particular campaign recognise what they've seen on TV or posters, rather than just ending up at a generic homepage."

The demise of pop-ups

Few people like pop-up ads yet they've proliferated for years. Nick Hynes knows why: "Unhelpful formats have emerged mainly because clients, advertisers and buyers have concentrated on a very blunt instrument, impressions, as a measure of success. Of course, impressions don't tell you anything about success. Something popping up in front of someone isn't necessarily going to change their buying habits."

For Google's Matt Brittin, the days of the unhelpful formats are numbered: "This is not a world where shouting louder helps win customers. It's a world in which being targeted, relevant and engaging leads to success. Advertising can be relevant and useful too – it doesn't have to be an interruption medium."

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Matt Brittin, Country Director, Google UK



Creating engagement

The journey from interruption to engagement is of great interest to Stephen Taylor: "If I search on anything that's vaguely commercial, the whole experience is less relevant if the advertising is removed than if the advertising stays in. There are really few other forms of advertising where one can say the same thing.

"We need to keep developing ways to bring relevant, compelling advertising into results. The Holy Grail is to put fewer and fewer ads on the page, but they're more and more relevant.

"The word that I like is participate. Advertisers and marketers have to participate in the shared experience, they can't just advertise or sell."

At Google, the search for more engaging formats continues. For Matt Brittin, one new tool has a lot of potential:

"We're experimenting with gadget ads – which can have the functionality of a website, but show up as an ad format.

"For example, if you're thinking about holidaying and you're looking at a travel review website, there might be an ad that lets you type in the destination and date options you're considering,

without you having to leave the website. The advertising is relevant, because it's in the right place at the right time, and it's engaging, because it allows you to interact with it in a way that gives you value."

The social dimension

Social media have been the key phenomenon of Web 2.0. For Stephen Taylor (see panel), social media also hold the key to the future of search: "I believe passionately that the future will be about people and the social dimensions of search. It will be more vibrant and discovery-based. 'Find something quickly in huge volume' will still be at the core but increasingly it will be part of a broader experience."

Recent years have seen social media amassing vast audiences but often failing to emulate the search engines' rich revenues. In the view of Mike Reid, this could be about to change: "Social networks have climbed enormously in the last couple of years and I think they'll be thinking, 'Why aren't we making as much money as those guys?' There are some wealthy online businesses in and around the search market, and each of the social media players will be starting to seek a slice of the action."

1 Item found



We need to keep developing ways to bring relevant, compelling advertising into results. The Holy Grail is to put fewer and fewer ads on the page, but they're more and more relevant.

Nick Hynes, Former CEO of the IMW Group, owners of The Search Works



discover.



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A new tool you can

Answers
place



Your search

The marriage of search and social media
Stephen Taylor

1 Result found for: **The marriage of search and social media**

Until July 2007, Stephen Taylor led the 'Audience Group' for Yahoo! Europe, giving him responsibility for its European consumer businesses, including search, social media and the price comparison site, Kelkoo.

"We've moved from the mass to the personal to the social, where you start to see tools such as Yahoo! Answers, that generate results not just algorithmically, but by people using the knowledge inside their heads. And they can share those results, so people can see results that their friends have found to be relevant, rather than simply the algorithmic drive of the traditional search engine.

"It's not simply about new questions that I want to ask right now, that may have a time delay of five minutes or two days before I get a relevant set of answers. It's also about the question and answer set that is being built up and stored in a database, so that when the next person asks 'Where's the best plumber in Richmond?', I will get algorithmic results back and I will also get people's results back.

"For example, every so often I think about whether to have laser eye surgery. If I put 'laser eye surgery' into a traditional search engine, I'm going to get a set of advertising at the top which is going to tell me the best clinics or the prices of the treatments, and try to sell me one London clinic versus another. In addition, there'll be research papers and comparative studies about the different treatments.

"But if I do this inside Yahoo!, on the same results page I'll also get a set of results from Yahoo! Answers, from other people that have previously talked about laser eye surgery. And that's going to give me comments like 'it really hurt' or 'this has changed my life'. And that has given a much fuller, more vibrant, more engaged set of results, driven by people."

[To listen to the full interview podcast, view the transcript or join the debate on Search, visit: <http://media.3i.com>](#)



A match made in heaven?

For Sir Martin Sorrell, there is pressure on social media to advance deeper into online marketing: "The bigger these things get, the more commercial they have to be. Facebook has an implicit value of €11 bn because Microsoft bought 1.6% at a price that implied that. I don't think it really is a valuation of Facebook at that level but the act creates pressure to get economic value out of it as rapidly as possible."

Even though the commercial logic is clear, Sir Martin has questions about consumer resistance: "Social networking sites were put together by people who thought they were getting untainted sites. You saw with Facebook that Mark Zuckerberg had to alter the Beacon initiative almost immediately because the moment people undermine a site which users believe to be pure, they react against it.

"When Facebook tries to develop its advertising profile, it has to be done very carefully because the reason consumers went into this was not because they wanted to see ads. Mobile search, on the other hand, is a medium that I think people will understand much more in that context."



When FMCG advertisers have their entrée to the sector, there'll be an avalanche of money into the world of search.

Nick Hynes, former CEO of the IMW Group, owners of The Search Works



Not all blue skies

Search's headlong expansion can't be entirely insulated from the wider economy. With world economic prospects looking weaker than they have done for years, what are Sir Martin's expectations for marketing spend in 2008 and 2009?

"The Olympics traditionally add 1% to worldwide growth and spending on marketing services in the quadrennial year. But what happens post-Beijing? China can't continue to run at 10% compound growth. The law of big numbers means there has to be some slow up and 2009 might be the year. I don't think there'll be a recession in our industry in 2008 but I worry about 2009 – not necessarily that there'll be a recession but the impact post-Beijing, and after the American presidential election."

A weaker economy is not the only factor that may be a cloud on search's horizon. For 3i's Mike Reid: "There are a couple of other issues which may radically change the landscape. One is regulation. Google have a 73% market share globally and in some European countries, it's even bigger.


If these rates of market share were seen in other industries, the regulators would be straight onto them.

"The second issue is data protection. Search engines will have complete tracking of what you do online – where you go and what you're searching for. Slowly but surely that will become a pretty scary thing. I think it's quite unpredictable how people will change their habits to say, 'I don't really like that so I'll use something different.'"

Coming soon

Many of the practical opportunities offered by search are not that far off. John Battelle outlines a simple example of the fusion of search with the capabilities of mobile image capture: "If you're buying a bottle of wine and you suspect you're getting ripped off, take a picture of the label and the phone will understand that you want to know more about this bottle.

"The phone knows where you are through location-aware technology, and it searches for bottles of the same wine on sale within a mile. It seeks information about the wine, reviews from friends and experts and so on. And, of course, the best price. That is the wave of location- and context-aware searching which is coming upon us."

Nick Hynes agrees on the central role that local search will play and also highlights the high expectations he has for video: "People are searching for more audiovisual content online – last night's soap opera, quiz show or football game. When fast-moving consumer goods advertisers can wrap that audiovisual content with an audiovisual message that looks, walks and talks like a TV advert, those guys will have their entrée to the sector, and there'll be an avalanche of money into the world of search." 

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