

The logo features the word "FORRESTER" in a white, serif font, centered within a dark green oval. The oval is set against a dark blue background with a subtle, abstract pattern of overlapping, curved lines.

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Search Engine Marketing: The Next Generation

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Agenda

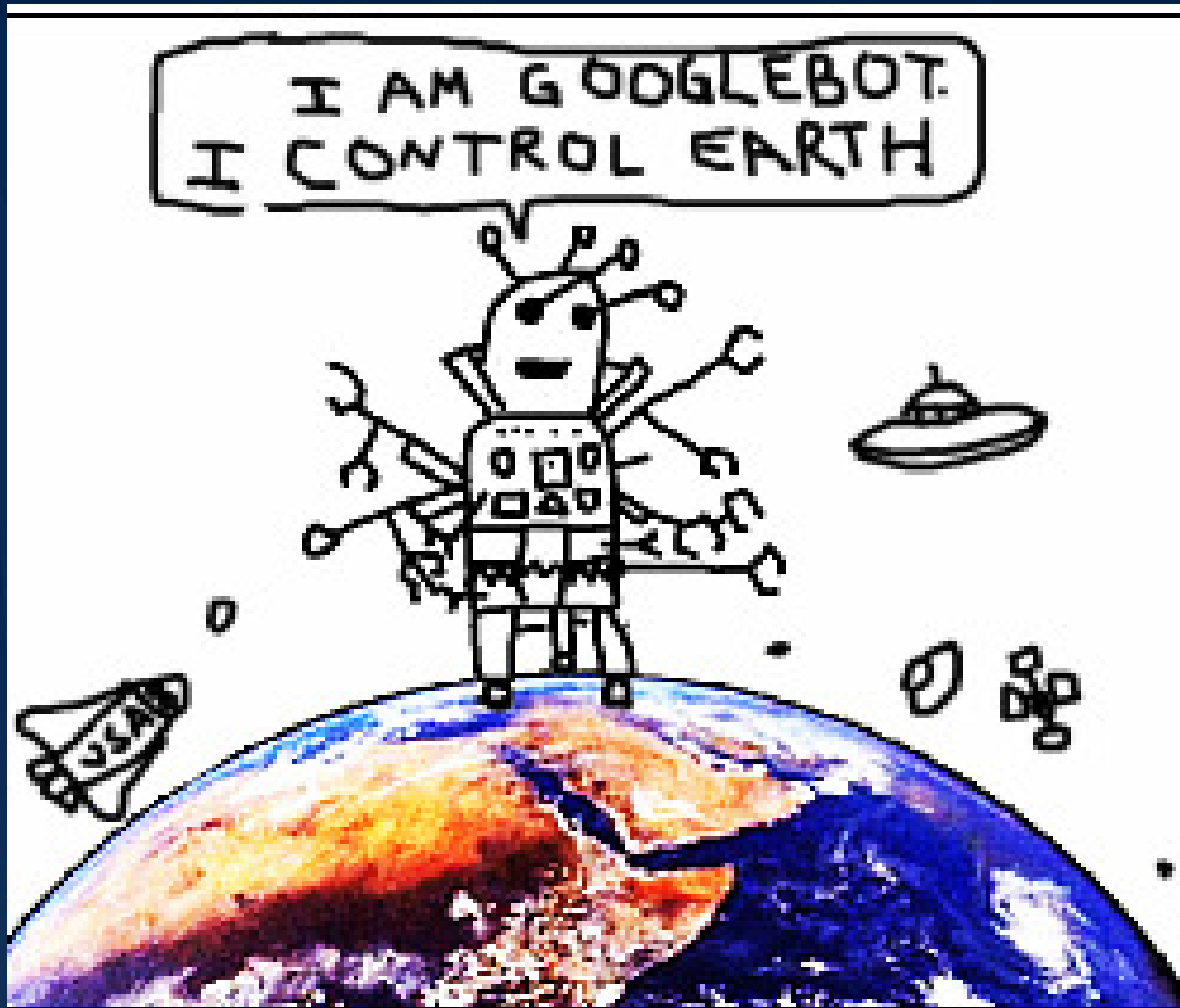
- Search engine marketing today
- Search engine marketing tomorrow



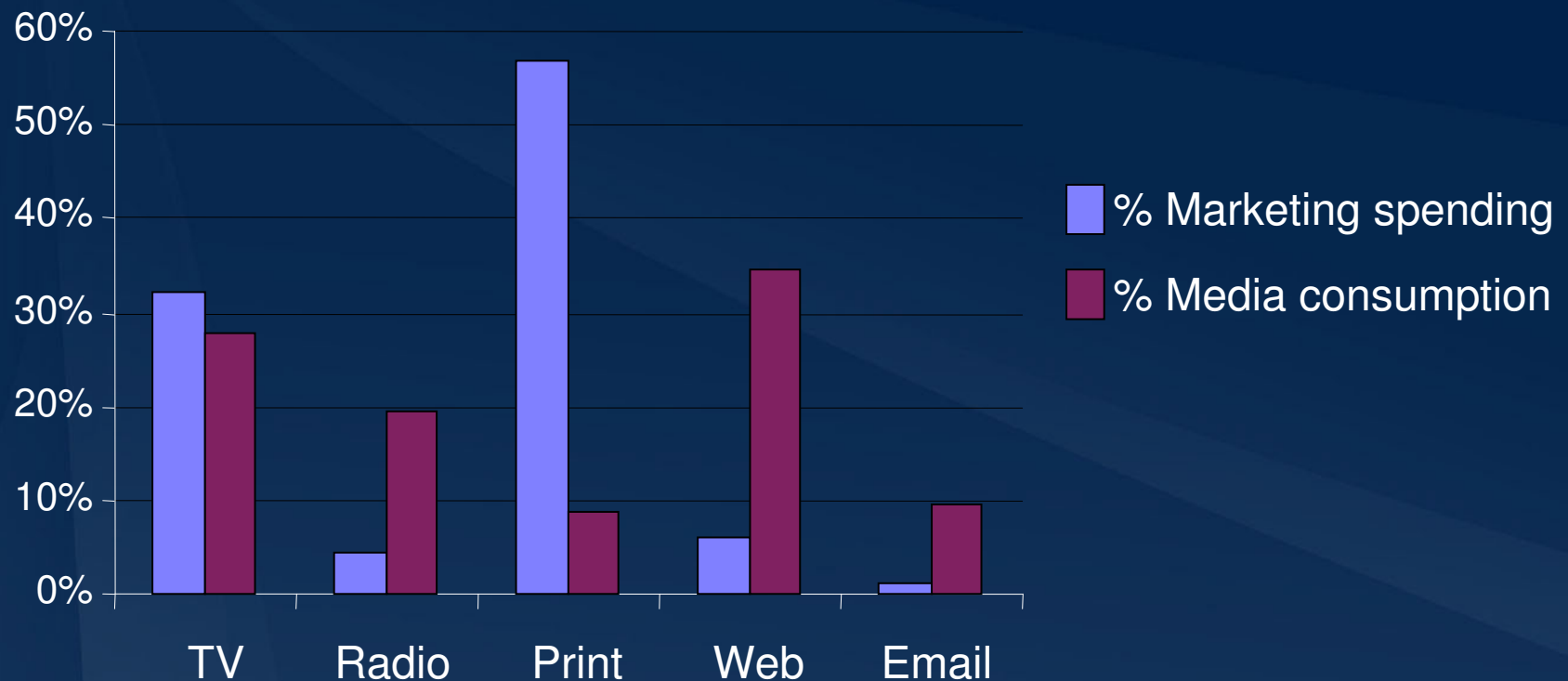
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Mismatch between marketing spend and consumer



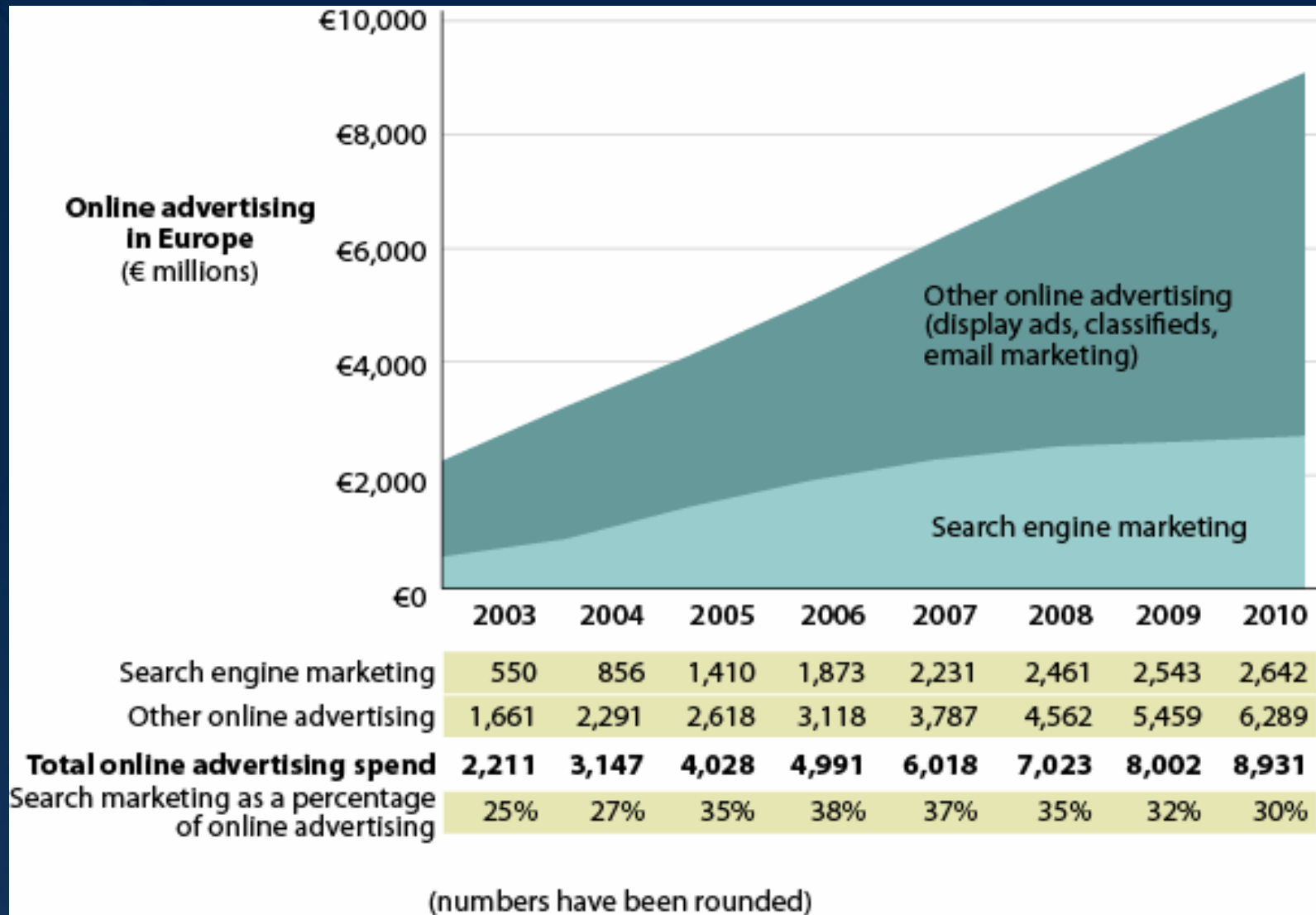
Base: UK online consumers
Sources: Forrester, ZenithOptimedia

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Online ad spend has shifted to search marketing

- Cost-effective
- Performance-based
- Targeted
 - » Local search
- Inclusive
 - » Pay-per-call

Forecast: Search marketing growth slows down in 2008



Source: Forrester Research report "Europe's Search Engine Marketing Forecast, 2004 To 2010, March 2005"

Consumers don't trust search engine ads

“To what extent do you trust each of the following advertising/promotion?”
(Respondents that answered ‘trust’ or ‘trust completely’”



Base: European online consumers

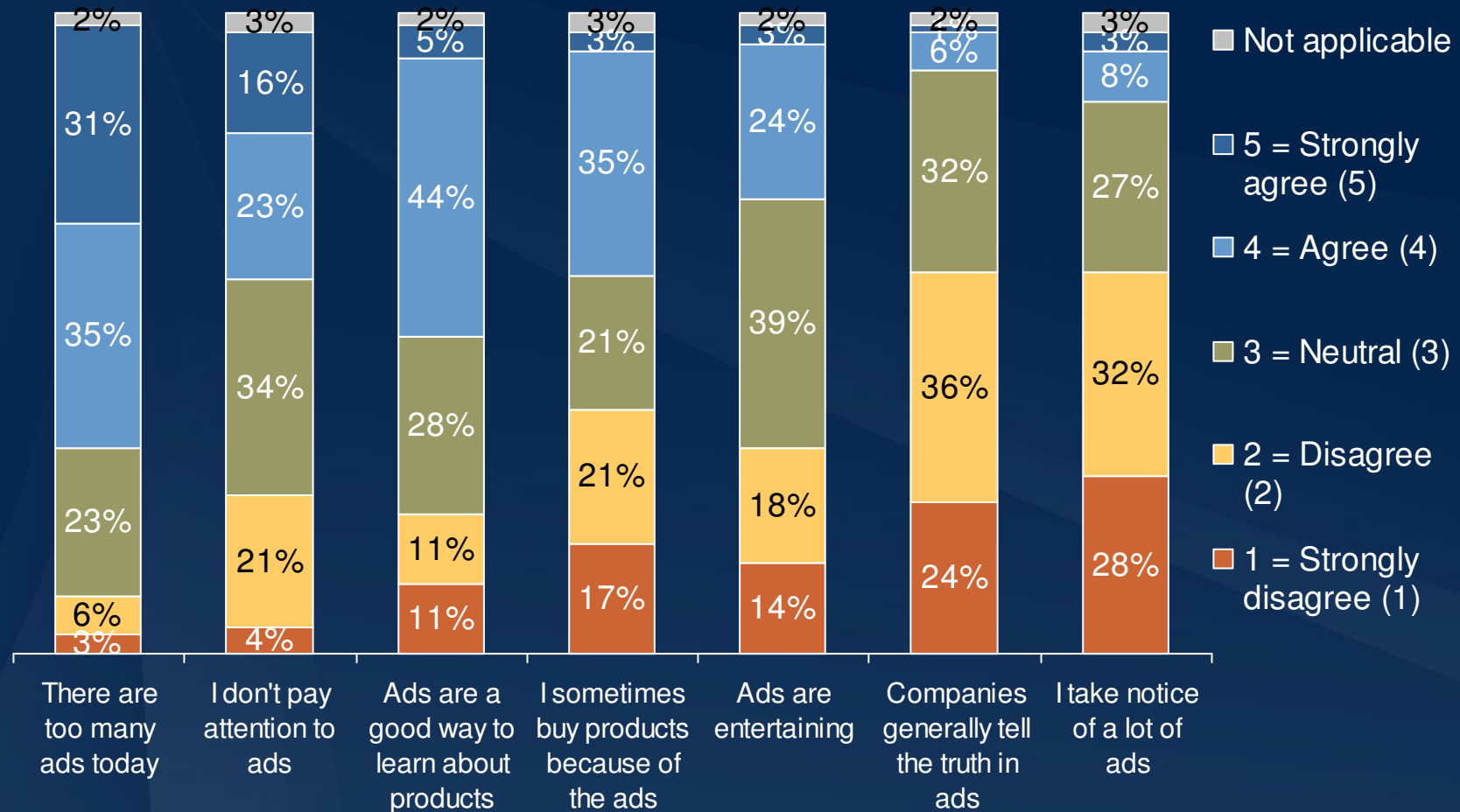
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Other limits to growth..

- Rich media offers better branding opportunity
- Finding best results depends on how well consumers combine keywords

Generally, consumers have a negative attitude to advertising

“How much do you agree or disagree with the following statements about advertising?”



Source: Forrester UK Internet User Monitor, Q2 2005
 Base: British Net users

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Information overload is setting in

The 300+ TV channel universe is a growing reality. 50% of W. Europeans will have digital TV in 2009

In France alone, there are now 7 million blogs, and counting. 18 million Europeans read blogs.



69% of W. Europeans have a PC. 56% of them are online.

Europeans watch an average of 12 hours of TV per week.

86% of W. Europeans have a mobile phone. 20% of them use advanced mobile services

Europeans listen to radio on average, 8 hours per week

77% of W. Europeans regularly read magazines.

47% of Europeans regularly read a national newspaper
41% of Europeans regularly read a regional newspaper

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Next generation search marketing must address:

- Information overload
- Advertising overload
- Multi-device toting consumer

Short-term: next generation search marketing

- Smart hybrid search marketing
 - » Combines email conversations and online surfing to serve relevant ads
 - » Combines video and/or audio content consumption with online surfing to serve relevant display ads
 - » Combines CPM and pay-for-performance fees to make money

Short-Mid-term: next generation search marketing

- Recommendations
 - » What to read, what to watch, what to buy, where to go..
 - » Based on personal behavior online
 - » Based on behavior/consumption habits of the individual's social network
 - » Make money from commissions, CPMs, fees

Current recommendations: good start, not enough

This has potential to boost recommendation relevance but since Amazon doesn't know me, it falls flat


Recommended for Hellen Omwando (If you're not Hellen Omwando, [click here.](#))

These recommendations are based on [items you own](#) and more.

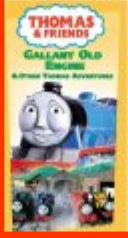
view: **All** | [New Releases](#) | [Coming Soon](#)

Recommendations Based on Activity
[Your Watch List](#) (Beta)

Recommendations by Category
Your Favorites [Edit](#)
[Books](#)
More Categories
[Apparel & Accessories](#)
[Baby](#)
[Beauty](#)
[Camera & Photo](#)
[Computer & Video](#)
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[Computers](#)
[DVD](#)
[Electronics](#)
[Health & Personal Care](#)
[Jewelry & Watches](#)

- 

Thomas & Friends: Sing Along & Stories
VHS ~ Ringo Starr
Average Customer Review: ★★★★★
Release Date: March 5, 2002
Our Price: \$11.68 [Used & new](#) from \$1.64

I Own It Not interested [x|★★★★★](#) Rate it
Recommended because you purchased Thomas the Tank Engine - The
- 

Thomas the Tank Engine & Friends - The Great Old Engine
VHS ~ Ringo Starr
Average Customer Review: ★★★★★
Release Date: July 24, 2001
Our Price: \$11.68 [Used & new](#) from \$2.24

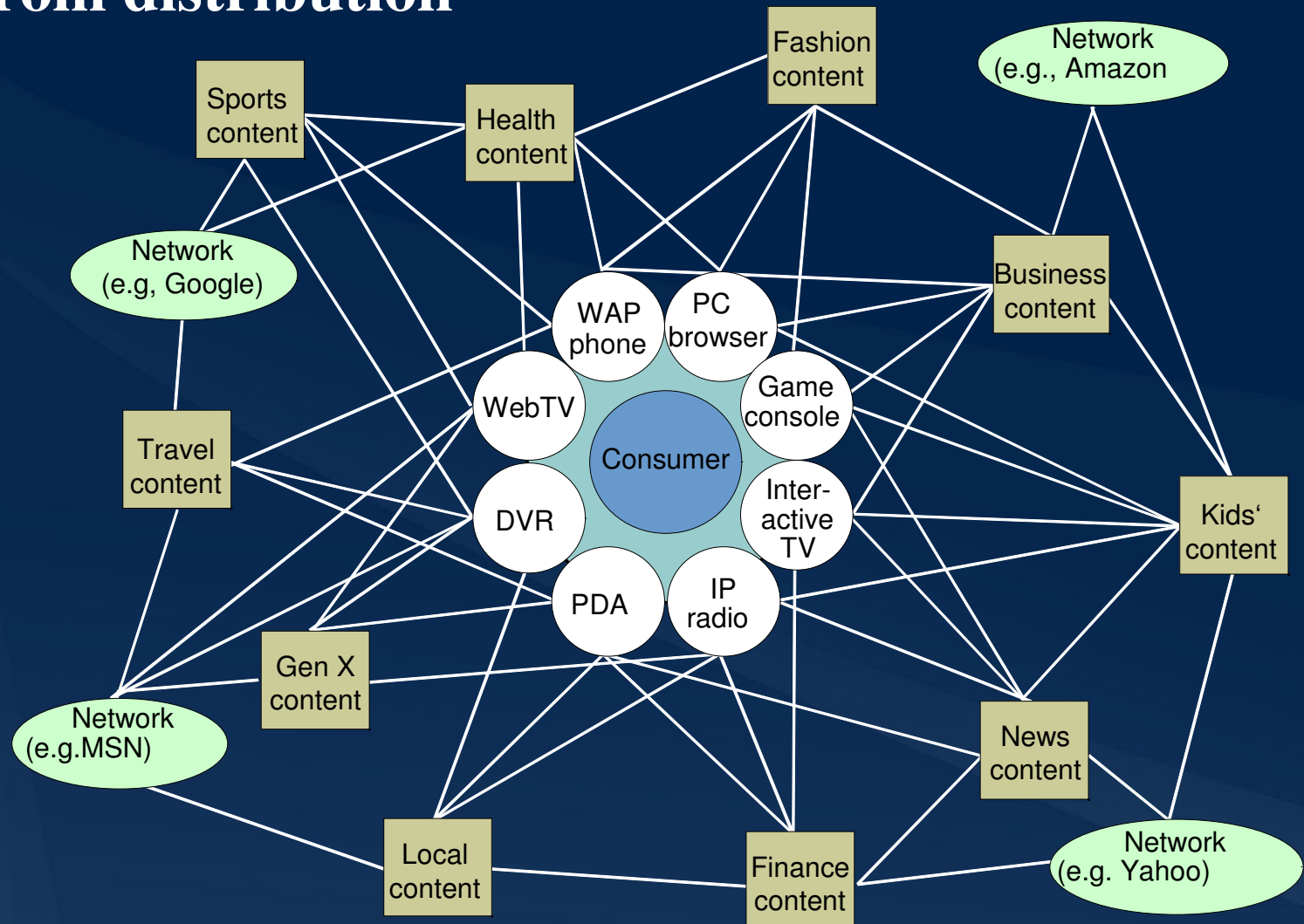
These products are no longer relevant to me. My son is 8 years old, not 5 years old. Purchase History alone isn't a good basis for recommendation

Long term: next generation search models

- Personalized “agents”/widgets
 - » Advance in personalization
 - » Advance in natural language query
 - » Device independent
 - » Portals will run these “agents” through advertising networks
 - » Revenue models include a mix of fees and commissions



Consolidated ad networks emerge as content divorces from distribution



Advertising networks (Google, Yahoo!, MSN, Amazon, eBay) will facilitate the flow of modular media by serving as a platform for the aggregation of content/information from multiple sources and the dissemination of this content through multiple devices

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Summary

- Search engine marketing is thriving today
- Consumers' negative attitude towards ads and information overload will force search engine marketing to morph
- The future of search marketing lies in true personalization
- Consumer portals will make this happen

Thank you

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