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## What Is Search Engine Marketing?

By [Roger Keays](#), 22 May 2009

Search engine marketing (SEM), or just **search marketing**, is a form of online advertising where you pay search engine operators to show your ads on search results page and across web pages in their network. Search marketing's biggest advantage over conventional advertising is that your ads are being presented to customers who are looking to buy at the time when they see the ad. It also provides excellent statistics to determine the effectiveness of your marketing campaigns.

On the other hand, the auction-based method in which ads are sold can mean it may be difficult to make a profit in very competitive markets. Additionally, a certain level of technical knowledge is required to confidently run a campaign.

The leading SEM programs are [Google Adwords](#), [Microsoft adCenter](#), and [Yahoo Search Marketing](#).

### How does it work?

The concept is quite simple. You create ads and bid on keywords. When people search for these terms you may appear beside the search results, depending on how much you bid for the ad. When somebody clicks on your ad you are charged an amount corresponding to your bid. For example if you bid 50c, you will be charged up to 50c each time somebody clicks on that ad.

Your ads appear beside related search results...

People click your ads...

...And connect to your business



Ads may also appear on general web sites as well as in search results. This is referred to as the *content network* and these ads can be enabled or disabled as you wish.

### Terminology

Search marketing has given rise to yet more new terms and acronyms. The most important to understand are as follows.

- Keywords - Search terms that are related to your ad or product. When you choose keywords, your ads appear in searches on those words or on web pages containing those words.
- Impressions - The number of times your ad is shown on search result pages or other web pages.
- Click Through Rate (CTR) - The percentage of people who view your ad and click on it. This is typically low (less than 1%).
- Cost Per Click (CPC) - How much you pay each time someone clicks on your ad. This is determined by much you and other advertisers bid for each click.
- Landing Page - The web page your visitor is shown when they click on your ad.
- Conversion - If a customer who clicked on your ad takes you up on your offer, this is called a conversion.
- Lead - In general marketing terms, a lead is a potential customer.
- Customer Acquisition - When a lead becomes a paying customer, this is a customer acquisition.
- Cost Per Acquisition (CPA) - The total amount you spend on marketing to acquire one customer. This is less than the average value of each customer, or you're losing money.
- Return on Investment (ROI) - The percentage of money you get back from your marketing efforts after the cost of the marketing. E.g. if you spent \$100 marketing and earned \$300, your ROI is 200% (\$200 profit on \$100 spend).

## Some Tips for Your SEM Campaign

- Build a good landing page. You can work all you like to increase your ad impressions and click-through but if your landing page doesn't convert, you're wasting your time. In fact, this is so important, we're planning to dedicate an entire article to it next month.
- Don't lose money. It sounds like a no-brainer, but you'd be surprised how the word 'Internet' makes people slit along the bottom of their wallets in exchange for hopes and dreams. Set yourself a budget, and if you can't become profitable before it runs out, cut your losses.
- If it doesn't work, try something else. It can take a while to come up with keywords, bids, ads and a landing page that works. Keep trying new combinations and deleting those that are not performing well. It is an ongoing optimisation process and you'll be surprised at some of the things your customers respond to.
- Do it Yourself. People who sell themselves as SEM 'experts' are likely to be just as clueless as you and nearly as concerned about your money. A savvy, marketing-oriented member of staff who is willing to learn is far more valuable than an imported 'expert'.

We've barely scratched the surface of online marketing in this article. In the next few articles, we'll continue to expand by taking a look at how to build good landing pages and providing some more advanced strategies for SEM campaigns.

## About Roger Keays



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