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## Is The Search Industry Closed for Business? Or Just Opening?

Posted July 11th, 2008 by Chris Copeland

With the announcement of Google's deal with Yahoo to serve search ads within the Yahoo network, the U.S domestic search industry suddenly looks a lot less competitive than before. Yahoo has stated it isn't getting out of the search business, and MSN remains firmly committed to being a player. Yet the current data shows Google north of 60% market share. The view in Europe is even more dramatic, where in several countries Google is for all intents the player with 80-90% market share.

To paraphrase JFK, the challenge facing the search community becomes "Not what your agency can do for you, but what can they do that Google can't do?" As Google grows, the value-add opportunity for search agencies appears, on the surface at least, to diminish. Whether Google is a frienemy or a foe, the fact remains that it is Google — and every CMO in the country wants to hear Google's point of view on search and how it can help the advertiser succeed, especially in tough economic times like these. So, have we reached end game for agencies as it pertains to search? Should they just pack up and let Google do the work and focus on creative, integration and other digital and traditional areas where the Google reach is not as great yet?



Before we write the epitaph on the search industry, I think it's important to look at what search agencies should do better than anyone else, and how one player's quest to stave off its own elimination could signal the shift that sparks new industry growth for everyone.

There are three things that separate success from failure in the search space: content, intent and relevancy. Search is about understanding consumer intent, adapting and developing advertiser content and creating relevant connections that lead consumers to advertisers in a meaningful way. From a search-only point of view, Google should have this market cornered, as it has more data than anyone on intent, based on consumer behavior. Likewise, it is the arbiter of relevancy in today's search world; and once again, thanks to having the most data, it connects consumer and advertisers with great efficiency.

And with that we start to see the repeated factor which should hold the key to agency value - the data. Google owns it in spades, as do Yahoo and MSN, but they take an aggregated view across consumers and lack the advertiser-specific focus that must become a staple of the search space. As search evolves to include social media and digital assets, and moves from the desktop platform onto mobile devices, the opportunity exists for agencies to take their vast learnings from consumer insights and marry it with newfound insights created through search.

As other media forms become digital in their purchase process, they create a flexibility that can be greatly impacted by search

learnings. Behaviors borne out in search tracking of consumer likes and dislikes, phrasing and interaction, will shape the types of media served, spots purchased and costs associated with advertising. Today the technology emphasis of search is about campaign and bid management. Twelve months from now, these will be the trivial aspects of what search does in the greater context of advertising.

Equally important is the shift towards open platforms. While Google has embraced Open in concepts like Open Social and Android, the area of open search has remained off Google's radar to date. But with Yahoo's quest to find its own relevancy and stave off the wolves at the door, it has introduced an open concept internally known as Search Monkey. By encouraging developers to work directly inside the engine and enabling advertisers to enhance their own presence, Yahoo proposes a radical shift where content and relevancy increase exponentially. This movement not only creates more complexity in the process, but also expands the ability to create a more relevant and rich experience for the consumer.

Everyone contends that search relevancy and consumer experience are still in the first few miles of the marathon. Yet, a sense of creative suppression and death blow to innovation is being proposed with the Yahoo-Google deal. Perhaps through better advertiser-owned data across channels and more open platform opportunities, the future is just beginning to show itself after all.

It'll be a future where the value proposition for agencies is built on understanding consumer intent first in the search channel, but eventually marrying that insight with behaviors in all channels. A future where the data drives technology beyond just the buying and positioning phases — into an area where consumer patterns and advertiser content gets married seamlessly through digital purchasing and distribution, where the value for consumers is a vastly improved relevance. A future where the marathon becomes an ultra-marathon, and the fears of innovation lost in the summer of 2008 are overshadowed by a dawning of open platforms around search — where consumers and advertisers both win, because the focus is placed on developing for the audience, not the algorithm.

So, are search advertisers as we know them today preparing the fire sale? If they remain wedded to bid technologies and being paid as level pullers, absolutely. However, with a nod to the future and a continued focus on data, relevancy and the emergence of open development environments, these days may be the moments where the herd is thinned, but the strong of mind and vision survive.

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