Google Makes a Beeline for the Web Metrics Market
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There are two kinds of Internet advertising which are barely in competition at all. Graphic publicity, in which the well-known pop-ups and banners, and also more recently animated spots, feature, follows a model similar to other written media (newspapers and magazines), using Web page space to display publicity of general interest in the most classified manner that the medium permits. In this case, traditional advertisers are beginning to consider that the Internet is just as adequate an advertising platform as other more traditional media. According to a recent report on investment and interactive advertising carried out by PricewaterhouseCoopers and the Interactive Advertising Bureau Spain, the employment of graphic formats has increased by 20% over the past year, and traditional advertisers already account for 55% of the investment in these systems. This is good news for an industry which did not manage to attract the big companies during its first years of activity, as they preferred to stick to the conventional means of communication.

The second method, the one which has developed the most in the past two years, is that of search engine-based formats and sponsored links – advertising as a series of links which are displayed according to the search words introduced by the user. This permits the advertiser to hold onto the words which most interest the user or serve to identify him. A small sum is then paid by the advertiser each time the link appears. This kind of advertising has increased by almost 200% over the course of the last twelve months, and already represents some 30% of Spain’s total investment in publicity. It is an extremely effective method, because it displays commercial links closely related to the user’s very interests at a precise moment: every marketing director’s dream. Furthermore, it allows companies reserve a maximum monthly sum solely for sponsoring links, until the budget has been spent. For cost and classification reasons, it is the preferred format of thousands of small and medium enterprises who put aside a small fraction of their monthly budget for this kind of advertising.

Once the advertiser has managed to awaken the consumer’s interest in the page being displayed, his next task will be to retain it for a while in order to convince the potential buyer of the quality of his products and services and, at the last moment, to attempt to close the deal. In order to achieve this, the message communicated must be convincing in both style and content. The best way of

Highlights
1 Google Web Analytics will be free for those web pages receiving less than five million visits a month, and for clients of AdWords, Google’s advertising service.
2 The service is based on technology bought by Google last March and developed by Urchin. At that time, the product cost around 500 dollars.
3 Google’s entry into Web statistics could be detrimental to companies such as Web Trends, Web Side Story, or Click Tracks – in particular, all those companies which rely on SMEs as their main clientele.
4 According to Forrester, an online store’s sales can drop 50% if the user encounters difficulties in finding what he wants. Furthermore, 40% of internet surfers admit that they do not return to a Web page after a bad first experience.
providing clients with an attractive offer is to find information about the user’s past experience: to which pages he devotes more time, his surfing routine, the products he finds most attractive and at what stage he stops surfing the Net; it is essential for the advertiser to become familiar with users’ behavior.

Google, the company gathering the highest percentage of publicity takings generated by sponsored links is very conscious of all this. Although the big advertisers also use the search engine, there is no question that its main clients are SMEs and more specifically, online businesses. As a result, and with the intention of encouraging investment in contextual advertising, Google has just presented Google Web Analytics, a service which makes it possible for the advertiser to carry out a thorough follow-up of the use of his Web page. What’s more, the service is free for small online enterprises (receiving less than five million visits per month) and for all Google’s AdWords customers, regardless of the business they receive. Beforehand, Google offered a similar service through AdWords, but with much less information. With the purchase of Urchin – a company specializing in online Web Metrics – a few months ago, Google has made this service available to the general public.

Before being purchased by Google, Urchin cost 500 euros a month and was considered to be one of the most comprehensive services of its kind in terms of functional nature. The fact that it is now a free service is a clear threat to companies who traditionally offered equivalent services for an average annual fee of 10,000 euros. Google Web Analytics is very alike with regards to the way it works and could be the cause of many companies leaving their regular suppliers in order to move over to Google. This may not however put an end to Google’s online Web mediation competitors, because these companies continue to offer other more expensive top of the range and highly personalized services. But it will mean, or at least basic services, an obligatory adjustment of businesses models and prices.

Google claim that they are not trying to eliminate competition in these services, but rather to differentiate their offer from those services available from Yahoo! and MSN. This aside, if Google’s interest is evident: if companies have on hand necessary information about their users’ online habits, and if they manage to make their Web pages more attractive, they will undoubtedly need to do something in order to make potential customers reach them – and this is Google’s specialty.