

Factors Affecting the Success of Businesses in Effective Utilization of Search Engine Advertising

Research-in-Progress

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Abstract

The innovation of Search Engine Advertising (SEA) has become a prominent source of revenue for search engine companies, as well as an effective method for businesses (also referred to in this paper as 'advertisers') to promote their visibility on the Web. However, SEA is a complex and dynamic form of advertising and managing it effectively is a challenge for businesses. SEA is not necessarily a successful venture for all businesses that adopt it. It is therefore important to know the enablers for the successful and effective adoption of SEA. In this paper, we first explore, analyze and synthesize SEA literature to identify factors that influence the success of businesses in exploiting search engine advertising as an advertising tool. Then, based on the inputs and evidence from the literature review, along with insights from Resource-based theory, we propose a context specific conceptual model of factors that contribute to the success and effectiveness of businesses in utilizing SEA. We also identify directions for future research.

Keywords: Search engine advertising, perceived advertising effectiveness, Resource-based theory, paid search, sponsored links

Introduction

Search engines act as an information gateway for many information seeking and decision-making tasks (Feng et al., 2007). Given the critical role of search engines on Web users' behaviors and in directing traffic to websites, many organizations have realized the importance of gaining a high position on search results pages (Feng et al., 2007). It is not easy for a business to obtain a top placement in search engine results when thousands of websites compete for the same coveted positions (Karjaluo and Leinonen, 2009). Search Engine Advertising (SEA) is one solution that has emerged to overcome this challenge (Feng et al., 2007, Barry and Charleton, 2009, Karjaluo and Leinonen, 2009). The innovation of SEA stems from the creative idea that, in such a competitive environment for obtaining top positions in search engine results, it may be more profitable for an organisation to directly purchase an advertising placement from search engine companies in order to gain visibility for their business on the first page of results (Morochove, 2008, Sen, 2005). In recent years, sponsored search advertising has become an important and fast growing source of revenue for search engine companies as well as an effective method for businesses to promote their visibility on the Web (estimated to have accounted for \$44.5 billion of industry revenue in 2011 (Feng et al., 2007, Jansen et al., 2009, Rashtchy et al., 2007).

Although search engine advertising is attractive to advertisers, it is also a complex and dynamic form of advertising, and managing it effectively is a difficult task (Laffey, 2007, Laffey et al., 2009, Rashtchy et al., 2007, Barry and Charleton, 2009). Managers of paid search advertising "must allocate their budget over time, across different search terms, different slot positions, in competition with other advertisers" (Laffey, 2007). Managers participate in a complex dynamic competitive task which does not necessarily result in success for all advertisers (Laffey et al., 2009, Quinton and Khan, 2009). There is no shortage of individuals on Web and user forums, describing their unsuccessful attempts at sponsored search advertising (syl.com, 2006). Only 10% of businesses perceive SEA as the most effective way to drive more traffic to their website (Barry and Charleton, 2009). Moreover, some advertisers cite that although they use SEA, they have no idea whether it has been successful as they don't know how to measure its success (Barry and Charleton, 2009). By contrast, there are many success stories from businesses that have managed to employ SEA very effectively and have gained a sustainable advantage out of it (Laffey et al., 2009, Rashtchy et al., 2007).

This raises some important questions: Why are some organizations able to employ SEA effectively and profit out of its use, while others are not? What are the characteristics of the successful adoption of SEA by a company? What makes advertisers capable of employing SEA more effectively? These are interesting questions that previous researchers have devoted some effort toward answering. Researchers have attempted to identify the issues and factors that are important and critical for businesses to be able to conduct SEA successfully. However, as SEA is a relatively new phenomenon and the literature on the topic is fragmented and dispersed (Karjaluo and Leinonen, 2009), there is no holistic view of the factors that influence the success of businesses in their SEA practices (Barry and Charleton, 2009). Further, the novelty of SEA also means that the application of theories in the field and in prior research is limited (Dinev et al., 2009).

This research contributes to the current body of academic knowledge on search engine advertising area by 1) exploring SEA literature and analyzing and synthesizing it, aiming to identify those factors or determinants that influence the success of businesses in exploiting search engine advertising; and 2) conceptualizing and proposing a theoretical model of influential factors on the successful and effective use of SEA.

The remainder of this paper is organized as follows: the next section discusses the literature review and the results of the synthesis of prior research. It is followed with a proposed conceptual model based on existing literature and theories. Finally, the last section concludes the paper by discussing the contribution of the work and providing directions for future research.

Background

In search engine advertising (also called paid search advertising), search engine companies are paid by businesses for displaying ads (i.e. sponsored links) for their product/service/site alongside search results (see Figure 1). Businesses bid for keywords, and their ad is displayed when the keyword is queried in the search engine (Fuxman et al., 2008). In most cases, organizations pay the search engine company each time a user clicks on the sponsored link.

The objective of this research is to provide a conceptual model of factors that contribute to the increased effectiveness of businesses in utilizing search engine advertising. Any attempt to answer this question must be built on a sound theoretical foundation and prior research. Therefore, we conducted a comprehensive literature review on previous studies to explore what has been addressed in the literature regarding effectiveness and success in a search engine advertising context. The literature review process commenced by exploring a digital resource databases using a wide range of relevant keywords. This allowed the identification of an initial set of sources. This set was then screened to select publications relevant to search engine advertising effectiveness and success from the viewpoint of businesses.

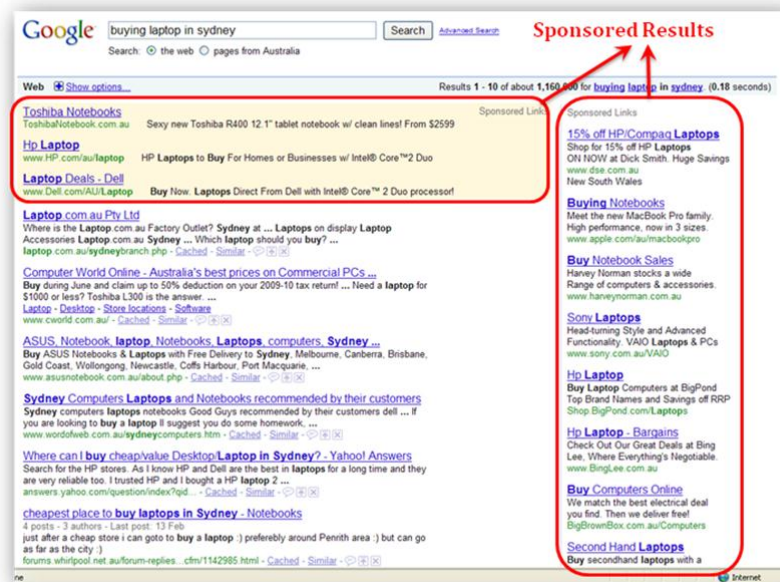


Figure 1. Sponsored Results on Google Page

We then undertook a more detailed analysis of selected publications to uncover the factors and issues they addressed in relation to advertisers' effectiveness in SEA. Our review revealed that prior studies have mentioned a range of factors, issues and suggestions to guide advertisers in the SEA industry and to increase their chances of gaining success and effectiveness in using it. Our examination of the literature also showed no prior published works had organized the body of knowledge in SEA to provide a comprehensive list of factors that influence the success or effectiveness of advertisers in employing SEA. We have approached this shortcoming by synthesising prior research and providing a list of factors that play a role in the success or failure of advertisers when they utilise SEA.

Although prior works have addressed valuable points SEA, they are mostly anecdotal and such works have not introduced the determinants for SEA success in terms of explicit, clear and well defined factors (except Laffey, 2007). For example, some authors have pointed to a number of challenges and difficulties that organizations have faced with SEA (e.g., Barry and Charleton, 2009), some researchers have offered suggestions for improving the effectiveness of SEA practices (e.g., Karjaluto and Leinonen, 2009) and others have listed critical issues that businesses need to keep in mind when using search engine advertising (e.g., Laffey, 2007). Thus, as most prior studies had not explicitly identified SEA success factors, we extracted the items that they had mentioned and analysed and labelled them, aiming to arrive

at a list of factors that are critical for gaining success in search engine advertising. To accomplish this task, we utilized content analysis method, which is defined as the systematic analysis of the occurrence of words, phrases, concepts in content or messages of written texts (Hair et al., 2007, p. 195). We conducted a detailed examination of the literature sources to identify the factors and issues they addressed in relation to advertisers' effectiveness in an SEA context. Each time we found such an item/issue in these sources, we allocated a label/name for that item. Finally, after in-depth analysis of prior works and multiple revisions and improvements to the labeling of items, we identified a list of main factors that influence the effectiveness of advertisers in search engine advertising. Table 1 represents these factors and their sources. This approach for classifying items into a set of meaningful dimensions has been employed by previous researchers. For example, Eikebrokk and Olsen(2008) employed this method to categorize the competency factors affecting e-business success in SMEs based on e-business literature.

Table 1. Influential Factors on SEA Effectiveness and Their References

Sources	(Laffey, 2007)	(Barry and Charleton, 2009)	(Karjaluoto and Leinonen, 2009)	(Rashtchy et al., 2007)	(Weischedel et al., 2005)	(Dinev et al., 2009)	(Murphy, 2008)	(Porter, 2007)	(Fain and Pedersen, 2005)	(Jansen et al., 2009)	(Yao and Mela, 2009)
Ability to manage keywords and bids	✓	✓		✓			✓	✓			✓
Ability to measure and monitor outcomes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Level of knowledge and expertise about marketing and advertising	✓	✓	✓				✓			✓	
Being committed to SEA task	✓	✓				✓	✓	✓			
Exploiting advanced third party tools	✓	✓	✓	✓	✓	✓		✓			
Using external experts			✓	✓							
Integrating SEA with other forms of marketing	✓	✓	✓	✓							
Ability to detect click fraud	✓	✓		✓		✓					
Company's experience in SEA					✓	✓					
level of awareness of product/service in market	✓		✓					✓			
Size of company (large/SME)			✓	✓							
Context of business (B2B/B2C)			✓	✓							

In the next section, we will discuss the above factors and propose a theoretical conceptual model of factors that contribute to advertisers' success and effectiveness in a search engine advertising context. In developing this conceptual model we also draw on insights from sound theories in organizational success.

Proposed Conceptual Model

In this section of the paper, we propose and discuss a conceptual model of factors that enable advertisers to employ search engine advertising successfully and effectively (Figure 2). This conceptual model has been developed based on the results of our literature review, along with insights from Resource-based theory. In the remainder of this section we will explain the constructs in the model, as well as the underlying logic behind the relationships between the constructs.

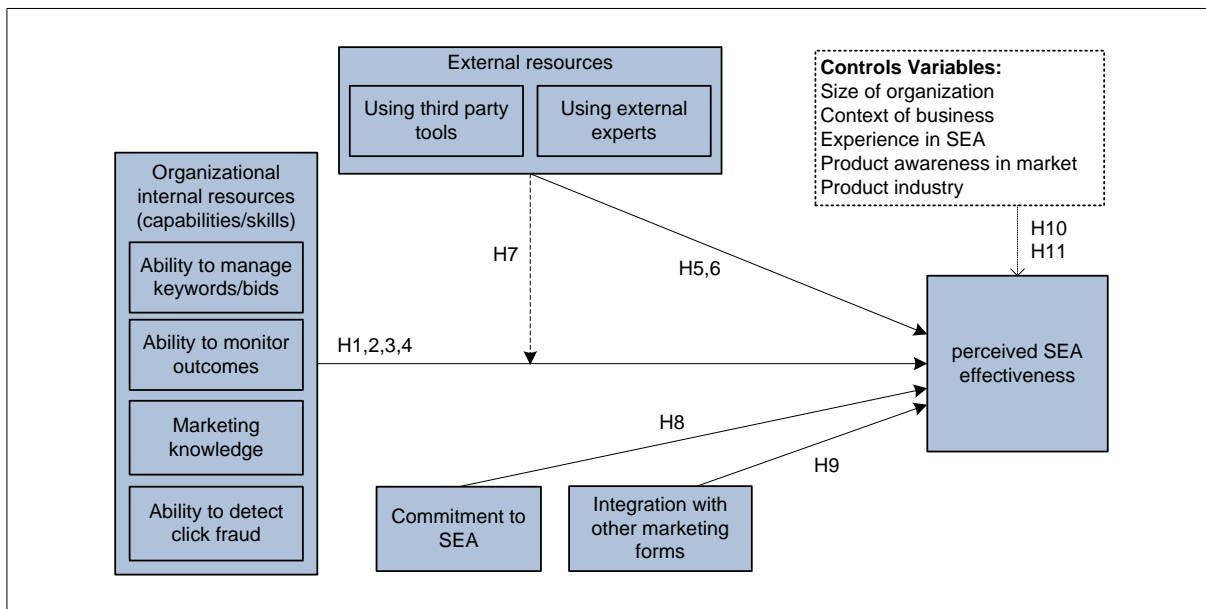


Figure 2. Proposed Conceptual Model of Determinant of SEA Effectiveness

Perceived SEA Effectiveness (Dependent Variable)

As discussed in previous sections, this study provides a better understanding of the effectiveness of SEA by exploring factors that may influence the ability of advertisers to more effectively run their ad campaigns using this medium. As such, the ultimate dependent variable of this research is “search engine advertising effectiveness” from the viewpoint of businesses.

Advertising effectiveness is a very broad concept that generally refers to market response to an organisation’s advertising (Tellis, 2009). In internet advertising, researchers have introduced different measures to examine the effectiveness of advertising, such as users’ perceptions of advertisements, the number of clicks on the ad, users’ attitudes towards brand, purchase intention, recall and recognition of components of the advertisement and so on (Cho et al., 2001, Keng and Lin, 2006). In a recent work, Wu et al. (2008) reviewed the measures for advertising effectiveness and summarized them as click through, effect recall, attitude of brand, and the customer’s purchase intentions.

The variety of measures for advertising effectiveness is indicative that it has different meanings to each researcher. Thus, first we need to clearly identify what we mean by the term “search engine advertising effectiveness” in this study. In an SEA context, the primary objective of search engine advertising is improving visibility of a websites on search engines and attracting more web traffic from search engines to those websites (Rashtchy et al., 2007, Karjaluoto and Leinonen, 2009, Barry and Charleton, 2009). The other objectives of advertising (such as increasing purchase intentions or actual purchases) may or may not be achieved depending on a wide range of parameters, such as quality of the product, quality of website content, price competitiveness and so on (Wu et al., 2008). In other words, search engine

advertising is mainly responsible for directing more web traffic to a website. After that, it is the responsibility of the website owner (i.e. the business/advertiser) to convert this traffic to purchasing behaviour or other financial results. Therefore, in line with other researches, we consider web traffic a reflection of advertising effectiveness and we conceptualize and define search engine advertising effectiveness as the extent to which businesses believe that their SEA strategy has been helpful in attracting more traffic to their website through improving their visibility in search engine results.

Factors Affecting Perceived SEA Effectiveness (Independent Variables)

From our literature review on the existing body of knowledge in the SEA domain, we have suggested a set of factors that influence the ability of advertisers to effectively use SEA (presented in Table 1). Resource-based theory (RBT) can complement the evidence drawn from SEA literature by helping to identify the factors that influence search engine advertising success. RBT argues that company resources (that are valuable, rare, inimitable and non-substitutable) are capable of generating and sustaining competitive advantage and success (Barney, 2001, Barney, 1991, Nevo et al., 2007). The definitions, boundaries and constituents of resources vary widely in the plethora of conceptual definitions available in the literature (Galbreath, 2005). However there is strong agreement among researchers that capabilities within the organization are the preeminent resources for organisational success because they are largely complex, specialized and tacit, and thus are difficult to duplicate by competitors (Day, 1994, Galbreath, 2005, Teece, 1997). Capabilities mainly refer to the skills, expertise and know-how of managers and employees (Grant, 1996, McEvily and Chakravarthy, 2002, Galbreath, 2005).

Based on another perspective in RBT, resources can be classified as internal or external (Parker and Castleman, 2009, Ray and Ray, 2006). Internal resources include the set of resources that are inherent to the organization, like employee competencies and skills, managerial perspectives, attitudes and structure (Caldeira and Ward, 2003). External resources, by contrast, can be accessed and exploited from the environment, such as customers, trading partners, vendors and consultants (Caldeira and Ward, 2003, Parker and Castleman, 2009).

In summary, RBT argues that by exploiting and developing internal and external resources such as capabilities, skills and know-how, firms can gain a sustainable competitive advantage (Parker and Castleman, 2009) which leads to superior performance and a different kind of success (Hulland et al., 2007, Yang, 2008). Therefore, according to RBT theory and consistent with a vast amount of prior research, we propose that the internal and external capabilities and skills of advertisers in the SEA domain are a potential basis for organisations to achieve success in search engine advertising. Among the factors identified in the literature review process, four are internal capability resources (as they represent the capabilities/skills of companies and their employees in working with SEA) and two refer to external resources that advertisers can hire from outside of the company. These factors are discussed in the following subsections.

Capabilities/Skills (Internal Resources)

Keyword and bid management ability: Selecting the terms on which to bid is a critical decision in paid searches and many considerations are involved (Rashtchy et al., 2007, Laffey, 2007, Jansen et al., 2009, Porter, 2007). For example, it is important to employ keywords that searchers themselves actually use, rather than those preferred by industry professionals (Laffey, 2007). Also each advertiser, according to the nature of its business, must figure out whether it can benefit more from bidding on highly popular broad terms, or from more specific ones (Porter, 2007). Moreover, in many cases, advertisers need to bid on a very large number of terms, which makes keyword management a complex and difficult task (Rashtchy et al., 2007). Besides selecting effective keywords, it is critical for advertisers to decide how to bid on each keyword (Sen, 2005, Rashtchy et al., 2007, Laffey, 2007). For example, a company that aims to maximize the number of visitors to its website in a short time may want to keep its position at number one, regardless of the cost. But another organization may accept a lower ranking to make best use of its budget. Furthermore, as more companies come to use SEA, prices are expected to increase - which calls for more thoughtful bid management (Laffey, 2007, Rashtchy et al., 2007).

This means that advertisers need to manage their keywords and bids in order to maximize their potential benefits. The importance of this issue has resulted in a considerable amount of academic studies that have

suggested models and techniques for how to select keywords and decide bid amounts (e.g., Fuxman et al., 2008, Kannan et al., 2008, Chen et al., 2008). Despite its importance, keyword and bid management has been cited by SEA advertisers as one of the major difficulties in SEA (Barry and Charleton, 2009). So, the inability of some advertisers to effectively manage their keywords and bids may have negative impacts on their success in search engine advertising. In other words, one can expect that those advertisers who have a better ability to work with keywords and bids, are more likely to achieve their SEA objectives and thus have better perceptions about the effectiveness of search engine advertising.

The possibility of a positive relation between keyword/bid management ability and effectiveness in SEA is also supported by RBT. The ability of an advertiser to work with keywords and bids properly and effectively represents the competency and capability of the advertiser in the field. So, according to RBT theory, the ability of a business to manage keywords and bids could be an enabler to achieving better results in SEA practices. Thus, we propose:

H1: Advertisers with better “keywords and bids managing ability” are more likely to have a better perception of SEA effectiveness.

Ability to monitor and measure outcomes: Monitoring the behaviour of search engine advertising is essential, as this enables precise measurement of how successful the advertising method has been in terms of achieving the objectives set (Laffey, 2007). It is futile to implement an SEA campaign without measuring its achievements (Barry and Charleton, 2009). To support advertisers in this task, search engine companies offer detailed reporting and analysis tools as part of their SEA solution. Advertisers can use these tools to collect data about their SEA practices. Data collected from such tracking should then be fed back into the process for improving SEA performance for the organisation (Laffey, 2007). Learning how to use the available business tools that support SEA can mean the difference between successful campaigns and failures (Rashtchy et al., 2007). However, it has been revealed by previous studies that some businesses are not able to effectively use the information collected via tracking tools (Barry and Charleton, 2009). Advertisers have cited that analyzing the available information, with the aim of measuring their achievements, is one of the main challenges they face when undertaking search engine advertising. This challenge is brought on by existing complications and inadequate ability and skills in the organisations for using the tools effectively (Fain and Pedersen, 2005, Rashtchy et al., 2007, Karjaluoto and Leinonen, 2009). One of the main reasons for the failure of some businesses in successfully and effectively adopting SEA is that they do not watch and monitor their campaign closely (Dinev et al., 2009). Mistakes are not uncommon in the adoption of SEA, so it is crucial to monitor a campaign and continuously find and fix problems; otherwise SEA can be waste of money and time (Porter, 2007).

The inability of some advertisers to conduct information analysis for outcome measurement is a critical concern. As previous researchers (like Smith (2002) and Weischedel et al., (2005)) have addressed, businesses that use relevant metrics have a greater opportunity to achieve competitive advantage. This is why tools for monitoring web activity have evolved to become strategic online marketing tools for decision making (Rashtchy et al., 2007). According to the RBT perspective, the ability of businesses to gather, interpret, and make use of market information to enrich their decision-making is a key driver of their success (Day, 1994, Hulland et al., 2007, Morgan et al., 2009). Consequently, we can expect that the ability of an advertiser to analyze data in hand from SEA, and to control and measure outcomes, plays a crucial role in its success or failure in effectively running its SEA campaign. Hence, we posit:

H2: Advertisers with better “ability to monitor and measure outcomes” are more likely to have a better perception of SEA effectiveness.

Marketing knowledge: Another challenge faced by businesses conducting search engine advertising effectively is having enough knowledge and expertise about SEA practice. Since search engine marketing becomes increasingly complex overtime, advertisers need to gain more expertise – perhaps even through employing marketing consultant companies (Rashtchy et al., 2007). However, a significant number of advertisers do not have adequate knowledge and expertise about their SEA practices and, for some of them, much remains to be understood in the area of marketing and advertising generally (Barry and Charleton, 2009). This means that some advertisers do not have adequate domain knowledge in their SEA practice, while previous research has shown that domain knowledge is an important contributor to performance outcomes (Watts et al., 2009, Saini et al., 2009) and information interaction (Ju, 2007).

From an RBT perspective, prior researchers have argued that domain knowledge and expertise of organizations are the drivers for gaining competitive advantage and success. For instance, in research built on RBT, Yang (2008) observed a significant relation between marketing knowledge capability and CRM performance. Further, Morgan et al (2009) found that marketing planning knowledge contributes to organisational success in selling their products/services. Other researchers have also pointed to similar findings and described that knowledge and expertise are key organisational resources (due to their high level of casual ambiguity and strong barriers to duplication) and therefore these characteristics contribute significantly to success.(Galbreath, 2005). Consequently, in line with prior studies, we propose that organizations with more domain knowledge are more likely to achieve better outcomes from search engine advertising:

H3: Advertisers with more “advertising/marketing knowledge” are more likely to have a better perception of SEA effectiveness.

Ability to detect click fraud: A serious problem that threatens the search engine advertising industry is the phenomenon of click fraud (Dinev et al., 2009). This is when a person, automated script, or computer program imitates a legitimate user of a web browser and clicks on advertising links solely to make the advertisers pay (Jansen and Mullen, 2008). It is estimated that 5% to 20% of total generated revenue in the SEA industry is generated by click fraud (by competitors, disgruntled former employees and customers, etc) (Laffey, 2007). Although a large number of advertisers have announced that they are concerned about click fraud (Midha, 2009), the majority do not have adequate abilities to detect it themselves (Rashtchy et al., 2007). Thus, we propose that the ability of advertisers to detect click fraud is an important and context specific capability in the SEA domain, which may lead to obtaining better advertising outcomes and improve the perception of SEA effectiveness:

H4: Advertisers with more “ability to detect click fraud” are more likely to have a better perception of SEA effectiveness.

External Resources

Using third party tools: Information Technology is a crucial and inseparable part of the SEA industry. Advertisers have to deal with search engine advertising systems/tools to create their ad campaign and also to track, monitor and analyze the outcomes (Mordkovich and Mordkovich, 2007, Rashtchy et al., 2007). Some of these tools are developed by search engine companies and some of them are available from third parties (Mordkovich and Mordkovich, 2007). The tools provided by search engines, as part of their SEA solutions, are usually free and contain basic capabilities. Third party systems are usually more complex and employ more advance technologies and models (for example portfolio-based analysis) (Rashtchy et al., 2007). Advertisers need to buy these advanced tools as a separate piece of software or subscribe to them on a monthly or yearly cost basis (Mordkovich and Mordkovich, 2007).

It is up to advertisers to decide which tool is best for their ad campaign. Some advertisers just used the free tools provided by search engines, or even perform their keyword and bid management on spreadsheets manually (Rashtchy et al., 2007). Although this method works for some advertisers, it is not adequate for all (Mordkovich and Mordkovich, 2007). There are lots of posts on internet forums from advertisers who have seen their SEA ad campaigns turn into nightmare without an adequate explanation being provided by the free SEA analysis tools that they have employed (Mordkovich and Mordkovich, 2007). In such cases, a more advanced third-party analysis tool might be able to provide more helpful answers, as such tools tend to have better capabilities and features to manage more complex situations. Consequently, some advertisers consider investing in one or more third-party tools to validate the data from search engines, or to supply information that search engines do not provide (Rashtchy et al., 2007). It is expected that employing third party tools enhances the chance of success in SEA.

Further, the positive relationship between exploiting external tools, and higher performance and effectiveness, is supported by RBT. For example, Ray and Ray (2006) have shown that small and medium enterprises can derive strategic benefits by using external web services. Therefore, in our conceptual model, we propose that those organizations which employ third party SEA analysis tools have a better opportunity to conduct search engine advertising effectively and thus have better perceptions of SEA effectiveness:

H5: Advertisers that “use third party tools” are more likely to have a better perception of SEA effectiveness.

Using external experts: Likewise the probable role of third party SEA analysis tools in improving SEA effectiveness, and employing external experts from outside the organization has been identified as having an influence on SEA outcomes. Rashtchy et al. (2007) identified that as SEA grows rapidly and becomes more complex, advertisers increasingly rely on third party experts. Approximately one-third of companies have reported that they have planned to use external agencies and experts to help them with their paid search spending (SEMPO, 2007). Thus, a vast amount of dollars are spent on specialists in the area. Other researchers, like Karjaluo and Leinonen (2009), have made similar points and realized that for some companies, external support is essential to search engine marketing practices.

Based on RBT, there are several reasons that external experts are able to positively influence the success of organizations in utilising SEA. First, external experts typically possess a higher level of expertise and skills in comparison with internal employees. Second, they are able to provide immediate help to the organization to solve business problems, while internal employees need a longer time to develop their ability/skills to resolve such issues. Third, external experts contribute to learning and growth of internal human resources both explicitly and implicitly (Nevo et al., 2007). Thus, we posit that companies that use external resources in their SEA practices have a better opportunity to obtain higher success and effectiveness:

H6: Advertisers that “use external experts” are more likely to have a better perception of SEA effectiveness.

Moreover, we argue that employing external resources influences the relationship between internal capabilities and perceived effectiveness of SEA. For example, as detecting click fraud is difficult, advertisers increasingly need to rely on third party tools or external experts to be able to realize bogus clicks (Rashtchy et al., 2007). Similarly, advertisers that employ advanced third party tools are likely to be more capable of performing more accurate and powerful information analysis for monitoring and measuring the outcomes of SEA, and therefore have a better chance of correcting and improving the process to obtain more effective results. In other words, exploiting external resources facilitates and moderates the contribution that internal employees make to improving SEA success. Thus we propose a moderating role for external resources:

H7 (consists of 8 sub-hypothesis): Using external resources (i.e. third party tools, external experts) has a moderating impact on the relation between internal capabilities (i.e. ability to manage keywords/bids, ability to monitor outcomes, marketing knowledge, and ability to detect click fraud) and perceived SEA effectiveness.

Other Factors

Commitment to SEA: It has been reported that some businesses do not devote enough energy to undertaking SEA as a marketing method. One reason is that SEA allows advertisers to set daily budget limits, so some advertisers perceive SEA as a low risk business task and use it comfortably without heavy level of commitment (Laffey, 2007). However, due to the complexities of SEA and its competitive environment, the absence of commitment to controlling and improving the task may lead to the failure of the organisation’s SEA practices. Dedicating an adequate amount of time, budget and resources to SEA is a crucial element in sponsored search advertising, however some advertisers admit that they have neglected this important task (Barry and Charleton, 2009). It is suspected that this lack of commitment is one of the obstructions to advertisers achieving acceptable benefits from their paid search efforts.

Previous researchers have widely investigated the role of commitment - defined as determination to perform a task to a degree that is superior to acceptable standards of performance (Porter and Lilly, 1996) - in achieving performance in different contexts. These researchers have mostly found a positive relation between commitment and performance (Mullen and Copper, 1994, Porter and Lilly, 1996, Steers, 1977). Thus, based on these findings and on the evidence that we observed in our literature review on SEA, we propose:

H8: Advertisers with more “commitment to SEA” are more likely to have a better perception of SEA effectiveness.

Integrating SEA with other forms of marketing: It is a key challenge for organizations to integrate paid search with other forms of online marketing, because there are major differences between customers (Laffey, 2007, Rashtchy et al., 2007). For example, as some users are biased against clicking on sponsored results, businesses must also have strategies to achieve higher positions among organic links in search engine results. Further, SEA cannot reach those who do not use the Internet (Laffey, 2007). Moreover, it is important to note that SEA is more effective for promoting products and services with high level of awareness in public because people know these products and services and search for them using search engines. SEA is not a good vehicle for advertising new products and services that have “nominal public awareness and require educating audiences”(Porter, 2007, Laffey, 2007). Therefore, it is expected that those advertisers who use SEA along with other marketing methods (either online or offline) have a better opportunity to benefit from SEA because other forms of marketing enhance product or service awareness in the market, which is tied up with better results in SEA. So, we posit:

H9: Advertisers who “integrate SEA with other marketing forms” are more likely to have a better perception of SEA effectiveness.

Organizational Characteristics and Product Characteristics (Control Variables)

To discern perceptions of SEA effectiveness by advertisers, this study has identified organizational characteristics and product characteristics as control variables. Prior research has evidenced that characteristics of organizations (including size, context of business (B2B/B2C), experience) may impact on the effectiveness of advertising in general, and of SEA in particular (Mills et al., 2007, Karjaluoto and Leinonen, 2009, Rashtchy et al., 2007). Moreover, product characteristics (including level of public awareness and type of industry) may impact the success and effectiveness of SEA (Laffey, 2007). Thus we posit:

H10 (control hypothesis): Perceived SEA effectiveness varies as per organizational characteristics (size, context of business, experience in SEA).

H11 (control hypothesis): Perceived SEA effectiveness varies as per product characteristics (level of awareness in public, industry).

Conclusion and Future Research Direction

This research contributes to search engine advertising knowledge by proposing a conceptual model of factors that influence the perception of advertisers from the effectiveness of sponsored search advertising. The model has been developed based on inputs from SEA literature, as well as insights from RBT. To validate this conceptual model, this research recommends a quantitative positivist approach because of its suitability when there is evidence of formal propositions, quantifiable measures of variables and hypothesis testing aiming to explore causal linkages between concepts and objects (Neuman, 2006). To test the model, information should be collected from a large number of businesses who have undertaken sponsored search advertising. We recommend employing a survey methodology, as it allows the collection of data from a large sample of respondents via a self completed questionnaire (Hair et al., 2007). This research also suggests Structural Equation Modelling (SEM) to investigate relations between the constructs and evaluate the conceptual model (Chin, 1998).

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