

November 21, 2006

The Forrester Wave™: Search Marketing Agencies, Q4 2006

by Shar VanBoskirk

TECH CHOICES

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The Forrester Wave™: Search Marketing Agencies, Q4 2006

iProspect Leads, With Reprise Media, iCrossing, IMPAQT, and 360i In A Dead Heat For Second Place

by **Shar VanBoskirk**

with Charlene Li and Tenley McHarg

EXECUTIVE SUMMARY

Forrester's evaluation of integrated search marketing agencies across 56 criteria revealed a set of players still maturing their capabilities and visions. iProspect leads the study because of its consistent capabilities across all criteria, while most other vendors excelled in one area but lagged in another. Reprise Media, iCrossing, IMPAQT, and 360i are all Strong Performers — Reprise for its integration capabilities, iCrossing for its search engine optimization and customer analytics skills, IMPAQT for its predictive modeling and flexible boutique approach, and 360i for its research-based planning process. In taking a professional services approach, Outrider — the study's sole Contender — lacks the automation of competitors' proprietary tools, but it does provide highly customized services, a global presence, and access to myriad agencies through its parent, WPP.

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NOTES & RESOURCES

Forrester conducted vendor evaluations in August and September 2006, and interviewed 18 vendor and user companies, including 360i, iCrossing, IMPAQT, iProspect, Outrider, and Reprise Media.

Related Research Documents

["Interactive Marketing Channels To Watch In 2006"](#)

April 27, 2006, Trends

["The Forrester Wave: Web Design Agencies, Q3 2005"](#)

October 6, 2005, Tech Choices

["US Online Marketing Forecast: 2005 To 2010"](#)

May 2, 2005, Trends

TARGET AUDIENCE

Interactive marketing professional, channel and product management professional, direct marketing professional

SEARCH MARKETING ENTERS THE BIG TIME

More than 60% of consumers now use search engines more than several times a week (see Figure 1-1). And with almost 79% of marketers using or piloting search marketing programs before the end of 2006, it's clear that marketers' eyes are on the marketing opportunities search engines enable.¹ But there's also bad news: Veteran search engine marketers have seen an increase in search ad volume and a decline in relevance, thanks to the flood of marketers jumping aboard the keyword ad bandwagon (see Figure 1-2).

Increased adoption of — and competition for — keyword ads spells opportunity for vendors ready to help make search marketing more effective. To facilitate a marketer's process of wading through the hundreds of available companies providing search marketing services, we assembled a list of 53 search marketing agencies, then selected six providers to evaluate in-depth based on their revenues, balance of services, and enterprise focus.

EVALUATION OVERVIEW

To assess the maturity of available search marketing services, Forrester evaluated the strengths and weaknesses of six top integrated search marketing agencies.

Our Focus: Offering, Strategy, And Market Presence

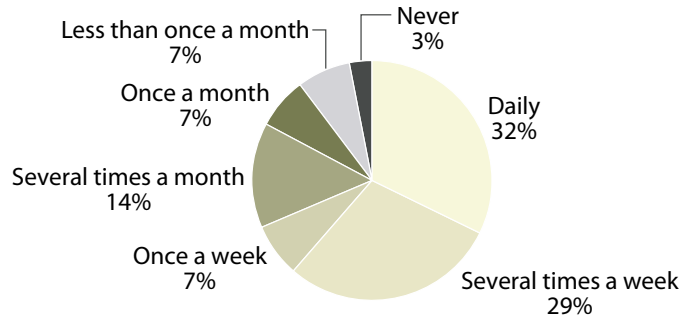
After examining past research, user need assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria (see Figure 2). We evaluated vendors against 56 criteria, which we grouped into three high-level buckets:

- **Current offering.** We reviewed agencies' tools and processes for managing paid search and search engine optimization (SEO) for enterprise clients. We also evaluated capabilities that spanned across these specialties, including campaign planning, keyword management, reporting, and services and support.
- **Strategy.** Because search marketing is still relatively young, we evaluated agencies' visions for the future of search marketing and their plans for meeting marketers' changing needs. We paid particular attention to the tenure, maturity, and leadership of management teams, as well as to how product, vertical, and global expansion plans supported vendor goals.
- **Market presence.** In addition to revenues and financial well-being, we also looked at the size and tenure of companies' employee bases; the employee training vendors provide; and the volume, quality, and retention of customers.

Figure 1 Search Engine Use Is On The Rise

1-1 More consumers use search more often

“How often do you use search engines to search the Internet?”



(percentages do not total 100 because of rounding)

1-2 Attitudes toward search results vary slightly by frequency of use

	<i>Use search engine(s) . . .*</i>			All North American online consumers
	Occasionally	Moderately	Frequently	
I often click on the ads that appear next to the results	10%	11%	13%	10%
I often find the ads just as relevant as the search results	11%	12%	14%	11%
I don't pay attention to the ads that appear around search results	62%	63%	62%	59%
I don't trust search engine ads	38%	38%	38%	36%
When I see a search ad featuring a brand I recognize, I think more highly of that brand	13%	13%	15%	12%
There seem to be more ads on search engines now compared with last year	54%	56%	59%	51%
Search engine ads are less relevant now compared with last year	19%	19%	20%	18%

! More frequent searchers respond to paid search ads but believe ad volumes are up and relevance is down

*Note: “Occasionally” refers to consumers who report using search engines once a month to several times a month. “Moderately” refers to consumers who report using search engines once a week to several times a week. “Frequently” refers to consumers who report using search engines daily.

Base: North American online consumers

Source: Forrester’s NACTAS Q2 2006 Automotive, Customer Experience, And Government Online Survey

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Source: Forrester Research, Inc.

Figure 2 Evaluation Criteria

CURRENT OFFERING	
Breadth of offering	What range of technology and services does the vendor offer?
Campaign planning	How clear and comprehensive is the vendor's process for planning paid search campaigns and SEO efforts?
Keyword management	How clear and comprehensive is the vendor's process for developing and managing keyword lists for paid search and SEO?
Paid search	How comprehensive is the vendor's ability to develop and execute highly visible, highly profitable paid search ads?
SEO	How comprehensive is the vendor's ability to achieve highly visible natural search results across the search engines most relevant to its clients?
Analysis and reporting	How robust, flexible, and accessible is the vendor's environment for reporting and analysis?
Services and support	How well does the vendor's professional services support client needs?
Cost	How much do the vendor's services cost?
STRATEGY	
Strength of management team	What is the strength, depth, and general stability of the vendor's management team?
Executive vision	How strong is the executive team's vision for the future of search marketing and long-term growth of the company? How does the company plan to execute on the vision?
Product road map	How clear is the vendor's road map for enhancing the product and services offering?
Vertical strategy	What vertical industries is the vendor specifically targeting? What industry-specific resources, services, expertise, and/or client base does the company offer to this industry, and how do the organization and platform specifically support those industries?
Global strategy	What international markets is the vendor specifically targeting? What country-specific resources, services, expertise, and/or client base does the company offer?
MARKET PRESENCE	
Financial viability	How strong is the vendor's financial position?
Company	How strong is the vendor's employee base?
Customers	How strong and diverse is the vendor's customer base?

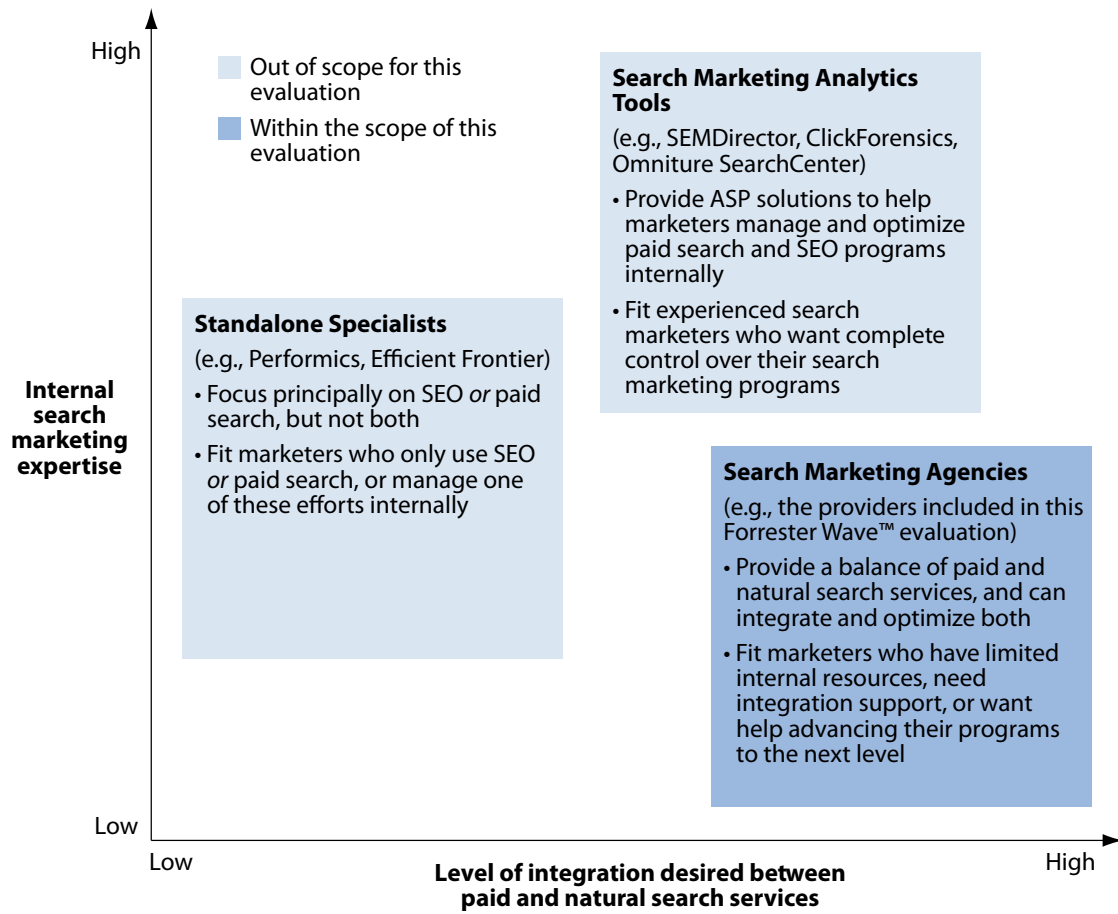
Source: Forrester Research, Inc.

Integrated Search Agencies Made The Cut

Given the large number of vendors providing search marketing and related services, and the lengthy evaluation process (which included assessing each vendor offering against 56 criteria, conversations with key executives and customer references, technology demonstrations, evaluations of natural search results and paid search ads for vendor reference accounts, and review of supporting documents), we felt it necessary to take an extremely focused approach to the vendors we included in this review. However, we recognize that there may be many qualified providers in the broader set of vendors who did not meet our inclusion criteria (see Figure 3). Vendors selected for this study were US-based companies that (see Figure 4):

- **Are service providers dedicated to search marketing.** We narrowed the participant field by focusing only on firms whose primary business is providing search marketing services. We excluded interactive agencies with search marketing practices, such as Critical Mass, as well as search marketing analytics software vendors or ASPs, such as WebTrends or SEMDirector.
- **Provide integrated services.** Marketers are increasingly looking to integrate paid listings with their natural search results. While this is possible to do with multiple partners, our hypothesis is that integration will be much easier with a single agency. So we evaluated vendors with an even split of business between their paid search and SEO services instead of firms like Efficient Frontier that specialize in only paid search management.
- **Serve enterprise clients.** Because Forrester's clients primarily represent companies with annual revenues greater than \$1 billion, we focused on vendors dedicated to this business instead of firms like Oneupweb that target largely the mid-market.
- **Are established.** We also eschewed small companies for more established vendors with the base of clients, revenues, and experience to resonate with our clients. It was also important that the vendor be able to provide the documentation, reference accounts, and historical data needed to complete our review process.

Figure 3 Several Categories Of Search Marketing Vendors Exist



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Source: Forrester Research, Inc.

Figure 4 Evaluated Vendors: Vendor Information And Selection Criteria

Vendor	Enterprise-level clients	Search marketing revenues (2005)	Percent of clients using vendor for both paid search and SEO	Date evaluated
360i	66%	\$12M	38%	August–October 2006
iCrossing	42%	\$31.3M	51%	August–October 2006
IMPAQT	52%	\$7M	52%	August–October 2006
iProspect	70%	\$14.7M	50%	August–October 2006
Outrider	50%	\$10M*	60%	August–October 2006
Reprise Media	30%	\$15M	30%	August–October 2006

*Forrester estimate.

Vendor selection criteria

Neither paid search nor SEO accounts for more than 65% of vendor's overall revenues — or more than 50% of clients use vendor for both paid search and SEO.

More than 30% of vendor's client base has annual revenues greater than \$1 billion.

Vendor had \$10 million or more in annual revenues for 2005.

Note: As in other Forrester Waves, we conceded one selection criterion if vendor was strongly positioned in the other two and has a strong history of innovation and client service.

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Source: Forrester Research, Inc.

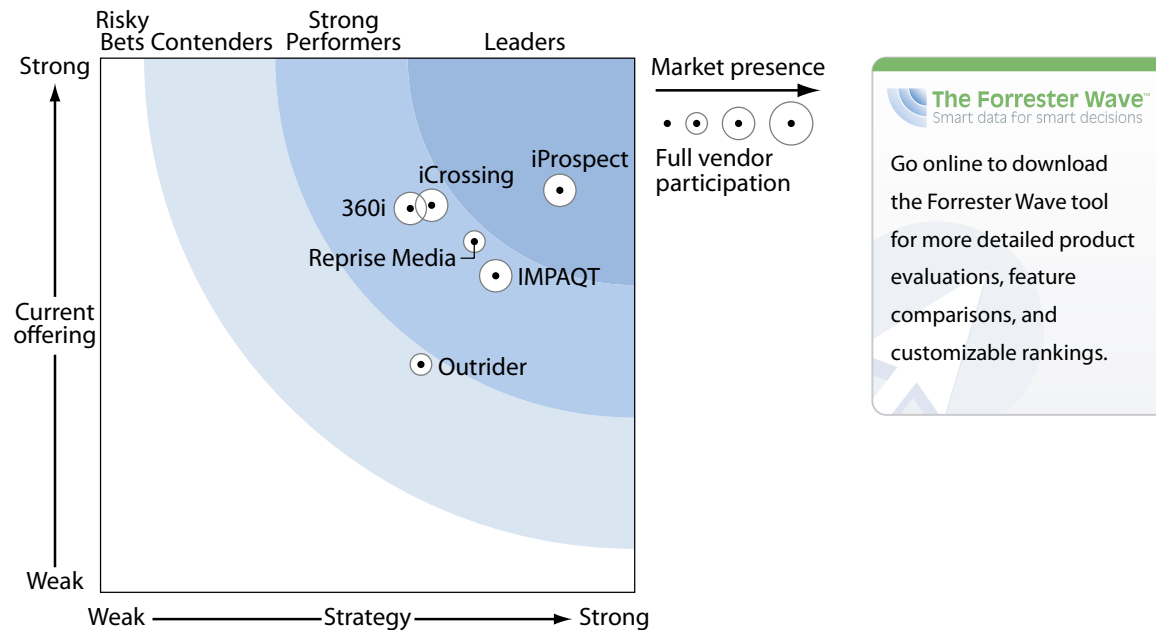
SEARCH AGENCIES ARE IMMATURE OVERALL

This — our first Wave of search marketing agencies — revealed that vendors in this space are less developed as a whole than vendors in more mature interactive marketing concentrations, such as email. Vendor visions only narrowly addressed the sea change of social computing affecting the future of online marketing. And similar to their interactive agency cousins circa 1999, most Wave participants believe their capabilities to be superior to those of competitors — when they actually all offer the exact same thing. Although we expect all vendors to mature significantly as discerning marketers gain confidence and market changes force consolidation, our evaluation uncovered a current climate in which (see Figure 5):

- **iProspect takes top honors.** iProspect provides the best integrated solution because of its consistent capabilities across all criteria. Other vendors lead in some areas but bottom out in others. Although references indicate that iProspect can be a challenge to work with post-sale, its highly automated approach to paid search *and* SEO, dedicated program strategists, and grasp of the future of search marketing make it a safe bet for firms — particularly ones with complex sites and competitive keywords — willing to actively manage their search marketing partner.²

- **Reprise Media, iCrossing, IMPAQT, and 360i fill tier two.** These vendor's scores are close, although their individual personalities and strengths vary. For example, rising star Reprise Media's PROSuite search management platform integrates with any data source. And only Reprise is developing vertical-specific products and had both of its reference paid search ads show well in our reviews. iCrossing works like a traditional agency and leads for customer analytics and SEO with its linguistics profiles, full market research team, and experience optimizing dynamic sites. IMPAQT is a focused search boutique that takes a predictive modeling approach to managing paid search and SEO, and also trains users how to optimize programs themselves. 360i currently plans campaigns around forecasted SEO and paid search results, creates multichannel customer profiles, and can build search results into clients' econometric models.
- **Outrider lacks automation.** Although highly customized, Outrider's professional services approach is limited compared with competitors' offerings. Keyword development involves a number of list-building tools but not forecasts. Customer segmentation leverages behavior and lifestyle information but not ethnographic research. Click fraud and QA management are handled manually by client service leads, allowing for possible errors or slower reactions to dynamic market changes. However, Outrider does have a global presence and access to full marketing services through its WPP sister agencies.

Figure 5 Forrester Wave™: Search Marketing Agencies, Q4 '06



Source: Forrester Research, Inc.

Figure 5 Forrester Wave™: Search Marketing Agencies, Q4 '06 (Cont.)

	Forrester's Weighting	360i	iCrossing	IMPAQT	iProspect	Outrider	Reprise Media
CURRENT OFFERING	50%	3.57	3.60	2.94	3.74	2.11	3.26
Breadth of offering	0%	0.00	0.00	0.00	0.00	0.00	0.00
Campaign planning	10%	5.00	2.00	5.00	5.00	1.00	5.00
Keyword management	20%	4.30	4.40	1.90	3.60	2.00	1.70
Paid search	20%	3.10	3.13	3.23	3.18	1.68	3.68
SEO	20%	2.50	3.90	3.00	3.70	2.30	2.00
Analysis and reporting	10%	3.50	3.50	3.50	3.50	2.00	4.50
Services and support	20%	3.70	3.80	2.30	3.95	3.05	4.15
Cost	0%	0.00	0.00	0.00	0.00	0.00	0.00
STRATEGY	50%	2.90	3.10	3.70	4.30	3.00	3.50
Strength of management team	30%	3.00	3.00	5.00	5.00	4.00	3.00
Executive vision	30%	3.00	3.00	5.00	4.00	3.00	4.00
Product road map	20%	3.00	3.00	2.00	4.00	1.00	4.00
Vertical strategy	10%	3.00	2.00	2.00	4.00	2.00	5.00
Global strategy	10%	2.00	5.00	1.00	4.00	5.00	1.00
MARKET PRESENCE	0%	3.11	3.75	3.32	3.58	2.72	2.40
Financial viability	33%	3.50	4.00	3.00	3.50	2.00	3.50
Company	33%	2.95	3.60	3.15	3.80	3.10	1.70
Customers	34%	2.90	3.65	3.80	3.45	3.05	2.00

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

How To Conduct Your Own Vendor Analysis

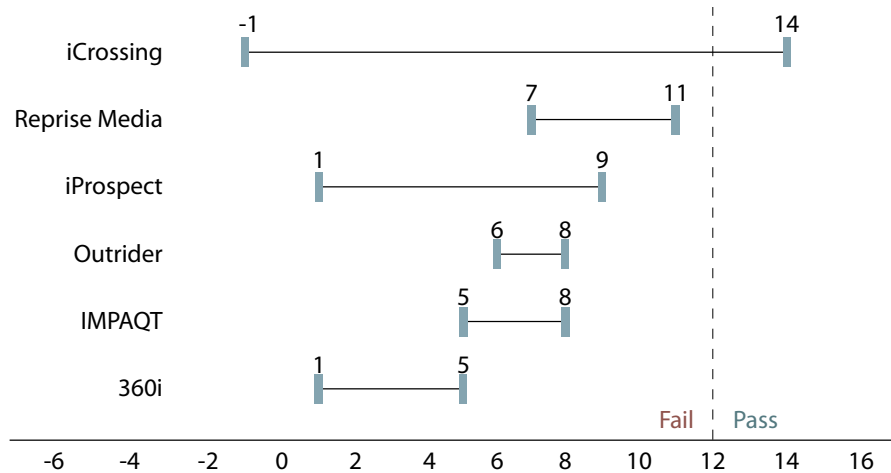
After determining the category of vendors that best suits your experience level, we encourage you to customize this evaluation based on your own business needs. You can do this by adjusting the detailed agency evaluations available by downloading the Excel spreadsheets behind Figure 4 in the online version of this report. Three steps will help you customize Forrester's analysis:

1. **Understand the evaluation criteria.** The "Criteria" tab in the spreadsheet includes a description and grading scale for each criterion against which we scored a vendor. Peruse these descriptions and mark the ones that are most important to you.
2. **Change weightings as needed.** Forrester has weighted the evaluation criteria based on what we feel is most important to meet our clients' needs as a whole. But every marketer is different. For example, marketers who have had their brand spoofed in the past may want to weigh the

vendors’ “click fraud management” and “testing and quality assurance” more heavily than some of the bid optimization or list development capabilities.

- 3. Test the results of vendor’s search marketing work.** As part of our research, Forrester reviewed the natural search results and paid search ads for the client references of each participating vendor. The results of our reviews were disappointing in light of vendor claims and also identified areas for us to probe more deeply in our conversations with each provider (see Figure 6). We recommend that marketers conduct similar tests to evaluate a vendor’s work first hand.
- 4. Determine your vendor shortlist with your customized Forrester Wave.** The “Forrester Wave” tab will automatically update the Wave graphic and vendor ranking, placing the best fits for your needs in the Leader category. You may also decide to develop your RFP based on our evaluation criteria, as these are the areas where we identified vendor differentiation.³

Figure 6 Scores From Forrester Reviews Of Client Reference SEO And Paid Search Results



To glimpse each vendor’s work “in action,” Forrester reviewed the natural and paid search results of two reference clients using a review methodology revised from one we employ in our Boot Camp: “The Essentials Of Search Engine Marketing.” Reviews included 12 evaluation criteria, each of which was scored +2 (“strong pass”), +1 (“pass”), -1 (“fail”), or -2 (“strong fail”). The vendor’s overall score for each client reference is the sum of its scores for each criterion. This figure illustrates each vendor’s scores for both of its client reference reviews.

Note: Reviews conducted in September 2006

VENDOR PROFILES

Here are high-level snapshots of what capabilities ranked each vendor in its current position in the Forrester Wave. Detailed scorecards are available in the spreadsheet behind Figure 4. Individual scorecard summaries for each vendor are also available as separate documents, which you can access through the footnote provided at the end of each bullet below.

Leaders Provide Balanced Capabilities

- **iProspect.** iProspect's strong corporate strategy and blended approach to paid search and SEO secures its position as the sole leader in our Forrester Wave of search marketing agencies. iSEBA and iSERAS — the vendor's paid search and SEO management tools, respectively — automate the process for campaign planning, optimizing bids, and SEO, freeing account staff to focus on client strategies. Despite a few black marks for mis-set expectations in the vendor's sales process, the vendor is a good bet for any marketer and particularly suited for large firms with complex sites and highly competitive keywords.⁴

Strong Performers Have Variable Strengths

- **Reprise Media.** Reprise Media is search marketing's biggest breakout star. Its paid search bests others due to its strong testing and QA capabilities, as well as its ability to deliver distinguished paid search ads. Although the vendor finishes last for SEO, the open architecture of its PROSuite search management platform makes Reprise Media a valid solution for marketers seeking to integrate their paid search programs with other marketing efforts, including SEO managed by another vendor. Quiet in the market to date, Reprise Media is innovative, profitable, and strategically focused, making it the biggest competitive threat and the best-kept secret in our study.⁵
- **iCrossing.** The largest and one of the oldest vendors in our review, iCrossing's current offering is quite strong — particularly its SEO, customer analysis, and market research capabilities. However, iCrossing's executive vision lacks the focus needed to boost the vendor into the Leader category. We recommend iCrossing's tools and expertise to dynamic sites seeking SEO help or marketers who need a strategic agency to uncover competitive search marketing advantages through customer analysis. Prospects should be prepared for some volatility as the vendor endeavors to build the staff and structure needed to support its expansive interactive agency ambitions.⁶
- **IMPAQT.** The smallest vendor in our study, IMPAQT counters competitors' larger full-service approach with one dedicated to search and holistic customer service. Although IMPAQT falls in the middle of the vendors we reviewed, its predictive click fraud monitoring and ability to manage enterprise bids through technology and market mix models fit large companies trying to optimize performance across competing brands and thousands of keywords. Additionally, its training products, consulting services, and roll-up-your-sleeves work ethic make IMPAQT a

good choice for marketers seeking a hands-on partner and those who need a trusted source to educate in-house staff.⁷

- **360i.** 360i's current offering is a capable solution for enterprise marketers prioritizing paid search. Of particular note are the vendor's campaign planning approach, which includes predictive modeling, and its bid management solution, which supports rules-based or portfolio optimization. Unfortunately, 360i's SEO capabilities are less automated than those of competitors. Based on requests from some clients to provide services outside of search, 360i manages display media campaigns for some clients and plans to become a "next-generation agency." However, the vendor offered limited specifics around how it planned to accomplish this goal.⁸

Contenders Need More Automation

- **Outrider.** Outrider finishes as the only Contender in Forrester's Wave of search marketing agencies. Its services approach — which leverages third-party technologies — provides customized solutions for clients seeking a non-technology-driven agency. The vendor has a large account management team, a global presence, and access to extended services through its sister WPP agencies. But its planning, click fraud monitoring, enterprise bid management, and reporting are less automated and less dynamic than those of competitors, making it a better fit for firms without popular keywords — like search newcomers with few terms or marketers with limited competition in the search marketing space.⁹

SUPPLEMENTAL MATERIAL

Online Resource

The online version of Figure 4 is an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used a combination of four data sources to assess the strengths and weaknesses of each solution:

- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted interviews with each vendor to gather details of qualifications and product features.
- **Scenario-based demos.** Each vendor participated in a two-and-a-half-hour proof of concept call during which they demonstrated their process and technology against four hypothetical client scenarios addressing paid search and SEO concerns for B2C and B2B companies. We used findings from these conversations to validate details shared in the vendor surveys.
- **Client reference interviews.** To validate vendor qualifications, we conducted reference calls with two of each vendor's current customers.
- **Reviews of client references' search marketing results.** Each vendor was asked to supply two references to which they provide both SEO and paid search services. These references then gave us one to two of their most salient keywords. Using Forrester's Search Marketing Program Review, we conducted user reviews of the natural and paid search results for these keywords to evaluate the outcomes of vendors' work.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and readers are encouraged to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

- ¹ In our survey of 259 marketers in December 2005, 79% of the 253 responding to the question “Which marketing channels/efforts are you using, piloting, or expecting to pilot within the next 12 months?” were using search marketing, piloting it, or planning to pilot it before the end of 2006. See the April 27, 2006, Trends “[Interactive Marketing Channels To Watch In 2006.](#)”
- ² Reference interviews revealed several ex-iProspect customers who defected due to poor delivery against expectations set during the sales process.
- ³ We published additional guidance on the Forrester Wave evaluation process and instructions on how to customize our vendor comparison tool. See the April 6, 2005, Trends “[The Forrester Wave™ 2005.](#)”
- ⁴ View the vendor summary for more detailed analysis on how iProspect fared in this evaluation. See the November 21, 2006, Tech Choices “[iProspect Stands Alone As The Search Marketing Leader.](#)”
- ⁵ View the vendor summary for more detailed analysis on how Reprise Media fared in this evaluation. See the November 21, 2006, Tech Choices “[Reprise Media Is The Search Marketing Agency To Watch.](#)”
- ⁶ View the vendor summary for more detailed analysis on how iCrossing fared in this evaluation. See the November 21, 2006, Tech Choices “[iCrossing Leads For Search Engine Optimization.](#)”
- ⁷ View the vendor summary for more detailed analysis on how IMPAQT fared in this evaluation. See the November 21, 2006, Tech Choices “[IMPAQT Provides A Focused, Boutique Search Marketing Solution.](#)”
- ⁸ View the vendor summary for more detailed analysis on how 360i fared in this evaluation. See the November 21, 2006, Tech Choices “[360i Has A Good Search Marketing Current Offering But Lacks Strategy.](#)”
- ⁹ View the vendor summary for more detailed analysis on how Outrider fared in this evaluation. See the November 21, 2006, Tech Choices “[Outrider Takes A Services Approach To Search Marketing.](#)”

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