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OPTIMIZATION AS A METHOD OF SEARCH ENGINE MARKETING

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LIST OF ABREVIATIONS

B2B – Business-to-Business

B2C – Business-to-Customers

IS – Information systems

IT – Information technologies

PPC – Pay-per-Click

R&D – Research and Development

SEM – Search engine marketing

SEO – Search engine optimization

CRO – Conversion rate optimization

1   INTRODUCTION

1.1   Commercial online environment and marketing

There are a number of main occurrences in business atmosphere that had the greatest influence on its changing. First of all, it is globalization of economics and business processes. The second one is the shifting of traditions industries toward knowledge-intensive directions and the speeding up of a business life cycle. The third change is the reconstruction of traditional business units, namely, enterprises. Modernized enterprises obtained flexibility, decentralization of managerial system and additional wide range of possibilities to reach global market place. (Laudon & Laudon, 2002)

The role of small and medium enterprises has dramatically changed. The number of start-ups has grown. New micro-companies, sometimes consisting of one person, enjoy access to the world market due to technological possibilities. As it was already mentioned, demand on knowledge-rich services has increased. This leads to the fourth economical change, which is the appearance of fully digital companies. They utilize their business processes on the Internet environment, possess virtual connection with stakeholders and apply management practices via digital channels. They are highly responsive to shifts in overall business environment.

Internet brought many changes in traditional business and became a platform for virtual business and the development of electronic commerce (e-commerce). It has influenced on many aspects of business processes. For example, information technologies (IT) along with the Internet reshaped traditional value chain by bringing to the market managerial software or allowed to reduce prices on communication and information exchange activities. Increasing quality of communication through information systems (IS) has changed the nature of competition among companies and forced them to invest in IT in order to obtain their benefits of participation in the network and increase own efficiency. (Peng 2006, 51)

There is a variety of digital companies on the network environment. Most of these firms provide services for customers as i.e. analytics, distribution of goods and services, advertising, maintenance and service of client-company via the network and etc. Internet marketing is related to these virtual services. In relation to marketing, among potential benefits of the Internet there are could be named increased visibility of brands to segmented clients, cutting intermediaries between customers and firms (or otherwise, joining intermediary for widening distribution channels), participation in the virtual market places or effective marketing programs.

The concept of online marketing has a choice of definitions. This term in general represents the utilization of IT and digital communication techniques in order to achieve

marketing targets. The online marketing shares the same objectives as traditional marketing: increase visibility of products and services, segmentation, positioning, promotion, increase customer value and etc. (Gay, Charlesworth & Esen, 2007) Digital companies, as well as traditional ones, specialized on marketing activities can be dedicated to particular marketing activities as, for example, the advertising or the building of customer-company image.

After its popularization the World Wide Web has become the dominant source of information and a benchmark in the Information Age. In time, as the amount of available on the Web information has raised, the search for precise piece of information could be compared to the searching a needle in a haystack. (Langville & Meyer 2006, 3) In relation to business, search engines portals became the enablers of discovering and classification of information. Basically, search engines are data retrieving systems out of information contained on the Internet space by the keyword searching. Although the early search engines were limited to the simple searching and displaying of the results processes, nowadays they also perform classification and evaluation of information in order to retrieve the most relevant data for the user`s request. (Halavais, 2009, 5-14) In the modern time, the most popular search engine portals remain Google and Yahoo! (Miller, 2011)

Search engine marketing (SEM) is an approach to online marketing activity. Frequently this term is associated with web design manipulations in order to reach higher rank on the search engine result list. (Gronlund, 2010) Actually, SEM is not limited to re-design of web pages but includes various tools and techniques. SEM methods could be generalized under the notion of search engine optimization (SEO). SEO`s main assignment is to attract prospective customers and traffic flow to a web site.

The number of SEM service providers began to rise from the beginning of 2000-s along development of the online market place. Although SEM is able to bring financial benefits, their SEO techniques often have spamming effects. Unethical manipulations with web site structure have granted to optimizers, in some extent, negative attitude of the Internet users. Naturally, it depends on the organization which reputation to build: as a spammer or a trustful marketer.

Specific business processes pattern and individual business model can be designed for SEM organizations. This study is dedicated to the researching of SEM business model structure and strategic attributes of the search marketing business. Additionally, it covers trustworthiness of SEM business and its reputation on the network environment.

1.2   Research problem

This research is devoted to virtual SEM companies engaged in online marketing. It is targeting to indentify trustworthiness of these business units and to compose their general business model. Also, the research is aiming to describe the basic business processes of these specific virtual marketing companies.

Basically, this work intends to answer the following research questions:

1. How can we formalize and represent business model of SEM companies?
2. How SEM entrepreneurs should lead their activities to remain trustworthy for customers on the Internet environment?

Theoretical part of the work includes literature review related to business aspects of virtual business, models and marketing. It distinguishes digital services from traditional ones and highlights specifics of e-commerce. Also, there is a wide insight of features of online marketing with specific focus on search engine marketing. In order to accomplish this research there were utilized not only economical but also technical literature sources due to the nature of the search marketing activities.

Empirical part, which is based on data collected via questionnaires, aims to aid in collecting parts for the construction of a business model. Business motivation behavior of SEM companies and their trustworthiness are analyzed. Additionally, research findings bring understanding of the stimulus of commercial units to be engaged in business relationships with search engine marketers. They uncover advantages and specifics of SEM business.

The motivation for this research is a fact that SEM direction of online marketing is not covered widely in scientific literature. Although it is possible to obtain reviews of SEM techniques and SEO impact on search engine ranking, the business side of these activities (from the supplier perspective) is frequently omitted. Paid search activities only recently became highlighted in marketing literature which was previously focusing mostly on traditional online advertisements as, for example, banner ads or e-mails (Rutz & Bucklin, 2011).

Practical value of the study is to clarify business processes associated with SEM. Research findings can be considered as guidelines for start-ups of SEM or the basis for their business plan. Also, results could be interesting for commercial organizations on the web as the research evaluates benefits of search marketing which can improve their visibility to potential buyers without addressing costly or illegitimate services.

Author of this work believes that there is high demand on SEM services, and they are able to create value for their customers. It could be assumed that these small virtual companies play no significant role on the online marketplace. However, nowadays it is wide spread international business activity. Its popularity is directly connected with possibilities of search engine portals and growth of the online market.

1.3   Thesis structure

Introduction part of the work represents basic knowledge regarding the research problem and motivation for this study. It briefly highlights connection of SEM services to e-commerce and commercial background of their businesses. It relates online marketing demand rising to development of the Internet market and digital services. Research gap insight presents practical and scientific usefulness of the research findings.

Literature review presents secondary literature sources associated with online marketing and e-services in general. Overlook of different online business models is presented there. Business model Canvas, introduced by Osterwalder & Pingneur (2010), as a notion has obtained its own chapter as it is a significant part of the research. This model contents main constructs that study is targeting to fill in with variables of SEM business processes.

The third part of the work is dedicated to search engines and specifics of SEM services. There are included discussions regarding search engine portals, the Internet advertisement types, SEO techniques and the trustworthiness issues of SEM business. It highlights discussion over revenue generation by search engine portals which are enablers for SEM. Special focus is on unethical behavior and techniques of search marketers and their negative reputation on the online environment.

Research methodology and data analysis openly explain and present techniques of empirical data collection and its processing. For this descriptive study was utilized data collection in a form of questionnaire. There were engaged 6 respondents of SEM firms and 1 representative of the search engines portal. It is assumed that suitable research method is phenomenagraphy which is applied to describe SEM as phenomena. Data analysis is performed in the following chapter via utilization of qualitative analysis techniques. There was performed grouping and selection of similar answers of the respondents with the following conclusions withdrawing.

Discussion chapter includes answers on the research questions. It is dedicated to the formalization of SEM business model which is designed on the base of Business model canvas. Also, it provides insight on such business processes attributes as differentiation and competitive advantages. It presents accomplished list of basic rules of the leading trustworthy business which is designed for SEM organizations. There are explained commercial benefits of avoiding unethical SEO techniques in the chapter.

Conclusions part summarizes basic findings of the study. It asserts that SEM enterprises are related to small businesses and they are able to lead their business in trustworthy way. Simple rules of trustworthy business fit best in such dynamic environment as online market. Accomplished business model aids to understand business processes of SEM firms and to discover possible business advantages. Future research implications highlight necessity of further study conduction regard the online marketing.

2 WEB SERVICES AND THEIR BUSINESS ASPECTS

2.1 Web services

Although web services have different definitions these terms mainly related to applications that are developed, placed and can be distributed via the Internet. From the online business perspective web services are defined as services that directly increase and create value on the basis of the network platform. Nowadays, frequently they are part of a modern company`s strategy. (Grandry, Dubois, Picard & Rifaut, 2008) Cardoso, Voigt & Winkler (2009) simplified a notion of the web services to infrastructure that enable introduction and distribution of offerings (services) through the Internet.

The author of this study believes that within recent decade the variety of web services has increased. However, their basic typologies have not changed. There could be indentified main types of virtual processes related to the web services (Moschella 2003, 100-102):

- Software development and distribution over virtual network which is a substitute for packaged software (anti-viruses, e-mail or business applications)
- Utility services represent aiding activities in facilitation and supporting of the serving customers over the networks
- The offering of applications and access to their availability services; their main characteristic is that an application can be integrated to other web services and can be interoperable.

E-services and web services terms have different meanings. E-services enable transactions via the network. Simple example is the banking transactions. Web services utilize web-based applications and protocols. They can be considered as aiding tools or enablers for e-services. (Cardoso, et al 2009) However, for this research the two notions of services are united under the one meaning. Web services and e-services include to their definition a set of tools, applications and transaction methods that are possible to commit through the Internet. Software as a service is widely discussed in the work "How to define Software-as-a-Service" of Mäkilä, Järvi, Rönkkö & Nissilä (2010). Researchers refer to e-service concept as to the software that can be utilized through the Internet with application of web browsers. They discuss this service in a context of a business model which includes development, placement, delivery and support of software services. The revenue generation in this model is based on charge for access or utilization of the software.

Apparently, the progress of new web services development is relentless. For example, in relation to the science, there are widely discussed services and applications designed for outsourcing data collaboration and management of the large amount of data

via the network. This allows researchers to save on purchasing of powerful communing equipment and extend computing capabilities for the cost of voluntary participants. (Bryce, Bresnahan, Childers, Foster, Kandaswamy, Kettimuthu, Kordas, Link, Martin, Pickett & Tuecke, 2012)

Usually, commercial virtual services are integrated to the "off-line" business. For example, a web shop is an additional distribution channel and a customer relationship building enabler. Klotzbac, Schuh & Gaus (2008) stays that in the modern time companies are able to differentiate themselves of rivals by extending portfolio of products they offer by introducing along the products online customer-specific services, i.e. post-purchase support via the network. Web services are customer-oriented services as they are easy to customize and deliver to the consumers. Recently, online services are receiving higher popularity due to number of reasons as: access to the low-cost distribution channel (via the Internet), digitalization of business activities and globalization of markets.

Some attributes of commercial e-services are gaining momentums. For example, trust became an issue on the Internet market. Customers cannot be sure if they can grant access to their credit cards to unknown company or its online shop. Will be payment transaction safe? Will be the purchased services of promised quality? How can users be sure that purchased and downloaded application does not content viruses? Safety and trustfulness influence on customer purchasing decisions.

It is worth to mention, that nowadays specific trust-services began to appear on the network. Gay, Charlesworth & Esena (2007) in their work "Online marketing: a customer-led approach" refers to VeriSign virtual organization and its trust-granted services. VeriSign offers trust certification and related services to confirm that a web-site or a web-service provider is trustworthy. It is possible to purchase VeriSign Trust Seal that would allow displaying their mark on the client web-site. (VeriSign, 2012) This mark notifies customers that the web page is safe and service is reliable. VeriSign believes that possession of their Seal will increase trustworthiness of the site, attract more customers and boost in-coming traffic which is critical for web pages visibility.

In the technical report Brännback and Puhakainen (1998) clearly distinguished a separating line between traditional and virtual services as well as products. Characteristics of these terms are introduces in the Table 1.

Table 1 Distinct characteristic of products, traditional services and digital services
(Brännback and Puhakainen, 1998)

Basic features	Products	Services	Electronic services
Tangibility / intangibility	Product are basically tangible, with certain intangible features Can be stored, displayed, and communicated	Services are considered intangible Cannot be stored, displayed or communicated	Services are tangible, electronic Can be displayed, stored, and communicated
Heterogeneity	Product delivery and customer satisfaction depend on other factors than employee satisfaction Product quality can be controlled	Service delivery depend on employee satisfaction Quality depend on many uncontrollable factors	Service delivery and customer satisfaction does not depend on employee satisfaction
Simultaneous production and consumption	Production and consumption is not simultaneous Mass production is easy Customer-employee interaction does not affect outcome	Simultaneous production and consumption Mass production and customization is difficult if not impossible Customer and employee interaction affect the outcome	Production and consumption is not simultaneous Mass production is easy Customization is easy Customer-employee interaction does not affect the outcome
Perishability	Supply and demand is possible to synchronize Products can be returned Products can be destroyed	Difficult to synchronize supply and demand Services cannot be returned Services cannot be destroyed	Supply and demand is possible to synchronize Difficult to return Difficult to destroy

Although the report was accomplished more than a decade ago it still contains the most basic characteristics of both services and products categories. As it was already mentioned, technological development brought to the market new services but it has not changed their basic nature. Authors state that electronic (or web) services are quite common to products by their features. They introduce differences of traditional services and digital ones. Interestingly, that in the relation to the tangibility, web-services are considered quite tangible as it is possible for a customer to interact with digital service or store it and transfer it to other participants. These features cannot be applied to the regular services.

Inseparability means that consumption of service is performed during its production. In contrast to regular services the consumption of digital services is not performed at the same time with its production. Additionally, when transferred to the customer, virtual services are not related to the producer anymore and can be consumed at any time.

Quality control is easier to execute within digital services and it frequently depends on technological features rather than human-factor. The same dependence on technology is valid in regulation of demand and supply issues of service delivery. For example, there is a request for some digital service and provider can satisfy it, however, the service cannot be delivered due to technological failure. On the virtual market place it is possible to return service or eliminate it: new but not sufficient updates of a web page can be removed without harming the basic structure of the page. (Brännback & Puhakainen, 1998, 3-5)

One of the most specific features of online services is that some of them are wholly digital services. The simplest examples are distribution of digitalized books, communities, stock trading, product quality and price comparison portals, e-learning (online educational programs) and many others. These services exist and can be consumed entirely within the Internet market environment.

Companies can utilize e-services as a part of their value chain. This means outsourcing of some activities to other companies for effective fulfillment of particular business processes. Nowadays, outsourcing is widely applied in software development industry (Willcocks & Feeny, 2006). Main benefits of this partnership are: the representatives of participating companies may utilize low cost communication technologies for this association and knowledge or skills they are lacking.

Internet services value networks can incorporate R&D, marketing, distribution, sales and production of services (Cardoso, et al 2009). All these functions suppose tie cooperation between customers, service producers and third parties (or partners) over the online interaction. A wide offering of services on the Internet created distinctive service market place. Participation in this market became a vital business activity for most of commercial organizations and it is considered as a part of their business model and strategy.

2.2   E-commerce insight

Some literature sources refer to the digital market or business as to IS which unites participants into a network and allows them to perform transactions of services and information (see, for example, Laudon & Laudon, 2002, 23-24). E-business also can be explained as a coordinated via the Internet network of commercial organizations that pursue added value (Chituc, Azevedo & Toscano, 2009). Enterprises are able to represent relevant information of products and services, manage effectively customer relationships, perform business transactions, enjoy low-cost business activities and utilize modern channels of online marketing via the online network (Ciprian, 2011).

The Internet is a wide international market with low entry barriers (Peng, 2006). This means that start-ups usually have no borders to overcome to settle their presence on the e-market. The only issue is related to capability to survive competition and continue their development there.

Digital commerce (or e-commerce) segments online market into "industries" according to products and services they offer. In most of cases, e-commerce participants exploit the Internet for the maintaining their presence on the network market, performing business transactions, marketing activities and etc. Usually, online commercial units have "physical" presence on the traditional markets as well, and they utilize network as an enabler to reach additional commercial benefits. At the same time, completely virtual firms have emerged along the digital market evolution. They serve customers which are users and commercial units on the Internet environment.

Ciprian (2011) in the work "Influence of adoption factors and risks on ecommerce and online marketing" lists a number of e-commerce success factors: changed nature of competitive advantage (transaction cost reduction, online marketing programs and etc.); changes of business strategy (i.e. new business models, online marketing strategy, effective customer relationship management and etc.); digital distribution channels and new ways of revenue generation; transaction of some business activities on the network and, as a consequence, organizational re-design or improving customer service.

Online marketing is a bright example of web services. Similar to the traditional marketing, brand visibility and promotion play an important role for online business development. Online marketing (or e-marketing) has diversified promotional and communication methods and techniques with a specific technological approach. Also, it is an additional innovative opportunity to the regular marketing programs.

2.3   Online marketing insight

Basically marketing means activities of plans creation and their implementation in order to satisfy customer needs and achieve organizational objects (Gay et al, 2007, 3). A notion of online marketing supposes identical targets reaching with aid of the network. In the mid-2000s online marketing programs were considered rather as experimental commercial campaigns than mature business activities. However, already at the end of the decade it became strategically significant factor of business success. It is worth to notice, that even during financial, and as a consequence, economical crisis expenses on the online marketing in 2008 in the US have risen on 10%. (Sheehan, 2010, 26-27)

E-marketing should be considered as an aiding tool of tradition marketing and it has no much difference from its original nature. It targets to increase visibility of products; boost sales; manage distribution channels; increase image of a brand and etc. Internet

technologies provide possibilities for more efficient marketing solutions. They are able to influence on re-shaping of traditional business model of an organization to particular level of the Internet commitment. (Strauss & Frost, 2001, 8) E-marketing opens a road for a company to the broader audience of potential customers on the global market place. Online technologies reduce cost on communication with a targeting customer segment and on the building of relationships with prospective clients. Additionally, it also creates possibilities to reduce costs on the market research and the learning of customer behavior (Blackwell, Miniard & Engel, 2001).

In spite of similarities, e-marketing comparing to "off-line" one possesses unique characteristics. There are introduced several distinctive features of digital marketing (Strauss & Frost, 2001, 4-6):

- Shift of power from sellers to customers. This basically means increasing bargaining power of consumers and demand on services. Also it illustrates the importance of building costumer relationships
- The increasing velocity of e-marketing services highlights the necessity to be adaptive to changes in digital environment and responsive to competition. It is due to imitation on the web which is simplified comparing to the traditional services
- Distance reduction between e-commerce participants apply changes on the interconnection of the parts of a value chain as, for example, partnership relationship building or distribution channels. The Internet technologies provide faster and more effective movements within company`s value chine
- The Internet provides reduction of time of communication and it allows to commercial organizations function within no time limits or time zones
- Global access to markets via the Internet turns marketers to think globally and obtain larger number of potential international customers
- Web is a source of knowledge that allows marketers to learn better customer necessities and behavior. In turn, customers obtain knowledge regarding brands and organizations faster than ever
- Software open standards grant assurance that purchased virtual products as software or applications will be interoperable and integrated in one system
- The increasing role of intangible assets and knowledge capital became a pelage of success for the organization operating on the web environment in the marketing industry.

As basic types of online advertisements can be considered displayed graphic ads (i.e. banners or integrative buttons), sponsorship ads, search advertisements, blogs and commercials in social networks (Li, 2011). Along with development of technological Internet capabilities and applications the ads became more user-oriented. For example, banner ad is losing its popularity as its message can be indifferent for an Internet surfer.

New interactive advertisement offers goods and services that fit to the user`s preferences. Technologies allow collecting information about user`s activities on the network in order to learn their needs and requirements to display the type of products that fits to the user in a best way. These techniques were incorporated to their business models by Amazon or Google search engine portal. (Sheehan, 2010)

Online marketing is utilized for the brand building or so-called e-branding. Although at the mid of 2000-s the term of "e-branding" supposed company`s online presence and its online sale channel, nowadays it stays for meanings of more complex processes. Web site of a company has to provide not only descriptive information related to its products and services, but also related to its brand content, communication channels, user-friendly navigation and etc. (Sheehan, 2010, 55-57) These options are serving for reputation and customer relationship building activities.

Not surprisingly online communities became wide spread over the Internet in a recent decade. Communities are virtual "gathering" places where users perform communication by aid of online technologies (Dorin, 2002). Along with community popularization and development online ads programs became integrated into forums and social networks. In the article "Social gathering" (Kara, 2012) the researcher explains how food-production company launched its advertisement programs on famous social communities as Facebook and Twitter. The company utilized social media for distribution of its brand awareness. At the same time, they stimulated two-sided conversation with consumers and benefited from information regarding user`s preferences and attract new franchisers.

Word-of-mouth is already relatively old but still effective method of advertisement on the network. It includes communication on forums, blogs or social networks where users exchange their experience regarding particular brand or products. Although, information exchange is voluntarily, quite often communication is stimulated by experts. (Li, 2011) It can be planned ad campaign of particular firm.

Internet advertising program frequently targets to increase visibility of some products or services via search engines. Marketers that apply their activities though the web should always consider how the web site will be displayed by search engines and on which position their web page will appear in the search result list. (Gay et al, 2007, 202) Basically, the attracting traffic to the web pages is boosting brand`s visibility of the client web sites via the search engines. It is considered that traffic obtained from the engines provides more benefits that traditional media marketing programs for its cost of effectiveness and customer attention attraction. Companies usually relay on web site developers for designing proper "user-friendly" pages and easy to find for the search engines. However, the technical staff is not responsible for content of the page but rather marketing department of a company. Additionally, they cannot permanently follow frequently shifting algorithms of search engines to modify pagers accordingly. (Thurow,

2003) Optimization of pages by the following search engine guidelines can be viewed as an art of modification of a web site.

According to the statistic, expenses on search engine marketing increased from $ 4.1 billion in 2004 to $ 16.6 billion in 2010 in the US. Distribution of these expenses mostly related to the paid search, context advertisement and search engine optimization. (Miller, 2011) Nevertheless, all of these services are a part of SEM programs.

In spite of discussed benefits of online marketing there are still doubts regarding effectiveness of online advertisement and its measures. There were several attempts to develop methodology to measure its effectiveness (see, for example, Lavrakas, Mane & Laszlo, 2010). As a measure criteria can be considered ad campaign`s impact on branding. However, author of this study assumes the best indicator for online ad`s effect on a company is a shift of profit of the company.

Nowadays, the Internet became infrastructure to the business performance. Therefore, companies cannot neglect online marketing campaigns but to integrate them into their strategies and business models.

2.4   E-business models

Simple business model definition states that it is a collection of planed and implemented business activities that are performed in order to obtain economical benefits (Laudon & Traver, 2001, 57). E-business model is not quite different from the traditional determination but it as well includes techniques and activities of the business performance by utilizing possibilities of the Internet or communication technologies (Osterwalder & Pigneur, 2010).

Any business model consists of components. Although these components described differently in a choice of literature sources, generally they share basic building blocks. Laudon & Traver (2001) in their work "E-commerce" define the main eight elements of typical e-business model. The first one is a value proposition. It represents the value a company is able to deliver to a customer. It explains the customer choice of particular firm and how the firm is distinguished of other companies by, for instance, prominent delivery system, customization of service, customer technical support and etc. Revenue component of the model includes planned methods of obtaining revenue and their implementation on the practice. Although there are many online revenue generation-based models the most popular ones on the virtual marketplace are advertising model (revenue from advertisement placement); obtaining profit from content providing; payment for business exchanges (e-auctions or online brokering) and online sales of goods and services models. Market niche component represents targeting places on the market a firm aims to reach. Competitive environment directly connected with the business model. It

is an important element as it illustrates the intensity of rivalry on the targeting market and place of the firm among others. Competitive advantage component is what differentiates a company from others by particular superior value it can offer to the customers. Market strategy element, technically, is the planed firm activities designed in order to allocate itself on the market place and to attract customers. Organizational development component is related to the structure of the company. This is also important for a commercial organization as it means main managerial practices and business organization structure. The last component is a management team which consists of employees who perform business activities and run the business model.

Wide variety of business models of web services exist on the Internet. However, all of them share similar features and can be grouped accordingly. Strauss & Frost (2001) list some examples of types of e-service business models according to their revenue generation strategy:

- Content or service provider business model is built on the generation of valuable content, whereas sources of revenue based on advertising selling, or access to the content or service

- Direct and indirect sales through the Internet allow eliminating intermediaries. Often this method is applied as an addition to the distribution channels in the traditional business model

- E-intermediaries maintain connection between clients and service providers. Providers obtain revenue out of several ways. One of them is a payment after transactions between customer and seller occurred but an intermediary does not possess the objects of transactions (products or services). Another method is to purchase goods and re-sell them online. Intermediaries at once can represent several sellers or even whole industry.

The offered categorization may look outdated in the current time. However, in the author of this study opinion, the same classification of e-business model revenue generation may be applied to the most of modern e-business units. Although e-models have diversified within the last decade their basic features remain the same.

Osterwalder and Pigneur (2010) in the work "Business model generation" highlight several examples of the most successful online business models in the modern time. Among them, for example, is free-content business model where most of users obtain required services for free but they can pay for access to additional premium services. This model is actively utilized by Flickr or file-exchange servicers.

Perhaps the most discussed business model in IS science literature is "long tail" model. The prominent example of it is Amazon. This model is built on the premise of selling wide variety of products in relatively small amounts. (Sheehan, 2010, 52-53)

Multi-sided platforms business models are quite complicated by their structure. It could combine technologies, platforms and participants. Often this model applied to an

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intermediary. Examples of this type of the models are Google search engine portal, Sony, iTune store and etc. (Osterwalder and Pigneur, 2010)

Recently, open sourced business models have gained special popularity. They mostly related to software development industry, where users or customers are directly participating in the development of services. Open-source paradigm was utilized by world-known companies-software producers as Oracle, IBM or Corel. (Teixeira, 2009)

Some literature sources offer categorization of business models by relations between partners (see, for example, Jovarauskiene & Pilinkiene, 2009):

- Business-to-business (B2B) model supposes commercial interaction between business units
- Business-to-Customers (B2C) model represents interoperation between firms and end-users or customers
- Consumer-to-Consumer (C2C) model includes interaction of users (eBay auction portal is the best illustration of this cooperation)
- Government-to-Consumer and Government-to-Business responsible for the cooperation between users but one part in this relationship is the government representatives.

Online marketing employs several business models according to a segment of the market they serve, services they provide and revenue generation methods. Search engine marketing is one of the methods of online marketing. It is a wide-meaning term which represents not only web optimization, but as well paid submission to the search engine results list, key-word banners or displayed ads and etc. (Mamaghani, 2009) Sponsored search business models revenue generation, for instance, is widely applied by search engine portals. Customers are paying to be placed on the high positions of the search results list.

Marketers usually perform ads campaigns for other commercial organizations. SEM is not quite different from "off-line" marketing according to its goals. Therefore, SEM business is directed mostly to transactions between B2B participants on the Internet environment.

It is possible to notice how SEM activities were evolving by surfing through early literatures regarding online marketing. However, this evolution is closely related to changes in search engine algorithms and development of search engine portals ads services. (Halavais, 2009)

Thurow (2003, 17) in the work "Search engine visibility" describes two main business model strategies of search engine operations:

- Pay-for-inclusion model is based on obtaining payments from customers for the assigning indexes to their web sites so they could be visible in particular search engine. However, it does not mean that that the web site will be displayed on the top of the rank of the search list results

- Pay-for-Placement or, as a contemporary term, Pay-per-Click (PPC) is a wide spread practice for the search engines. Clients pay for being ranked high on the list of result displayed by the engines and payment is withdrawn when a user has clicked on the link. The position on the rank depends on the price the customer is willing to pay.

Gay et al (2007) mention Pay-for-Consideration model. This practice is performed mostly by Yahoo! portal. Commercial organizations are charged for being included into search engine index. However, in a case of denial of the inclusion, payment cannot be returned. The final decision regarding inclusion within this service is provided by staff of the search portal.

Search engine optimization business activity represents web-pages code manipulation in order to construct search engine-friendly pages. However, SEO is not limited to web site re-design but also include other techniques and cooperation with thirds parties to improve ranking on the search engine results list. (Gronlund, 2010)

It is worth to mention that technological development of mobile assets has created mobile market. It is similar to the Internet market but e-commerce can be accomplished with aid of mobile technologies and devices. (Rose, Hair & Clarck, 2011) Mobile marketing (m-marketing) became a new channel for sales and ads distribution. Its distinctive feature is that this marketing connects customers and sellers in spite of time, distance and place. Among tools of m-marketing are messages, multimedia messages and mobile Internet. (Younes, 2011)

It is considered that nowadays traditional business models should be analyzed along their connection to online business processes. (Jovarauskiene & Pilinkiene, 2009) Some businesses are moved to the virtual environment and their models can be viewed as partly virtual business models. Online marketing, with specific insight on optimization and traffic attraction, is an example of digital business models.

Business models of online marketers are still remaining under-covered in scientific literature, although their revenue streams and services (or techniques) are quite clearly discussed in technical literature sources. Nevertheless, designed business models of SEM would draw the full picture of e-marketing business processes.

2.5   Business model canvas

The notion of business model was already discussed in the previous chapters. The model or the logic how organization obtains profit can be generalized. For any business model it is possible to apply a common plan or scheme consisting of blocks that represent the structure of the model.

Osterwalder and Pigneur (2010) introduce Business model canvas which is their vision of typical business model skeleton. They refer to the model as to activities how companies develop and transfer value of their products and services to customers and obtain profit out of their business activities.

Author of this study supposes that this business model blank fits best for analysis and drawing of new business models. Its structure represents basic components of organization and its processes. Especially it is suitable for businesses engaged in online market environment. The Business model canvas is illustrated on the following Figure 1:
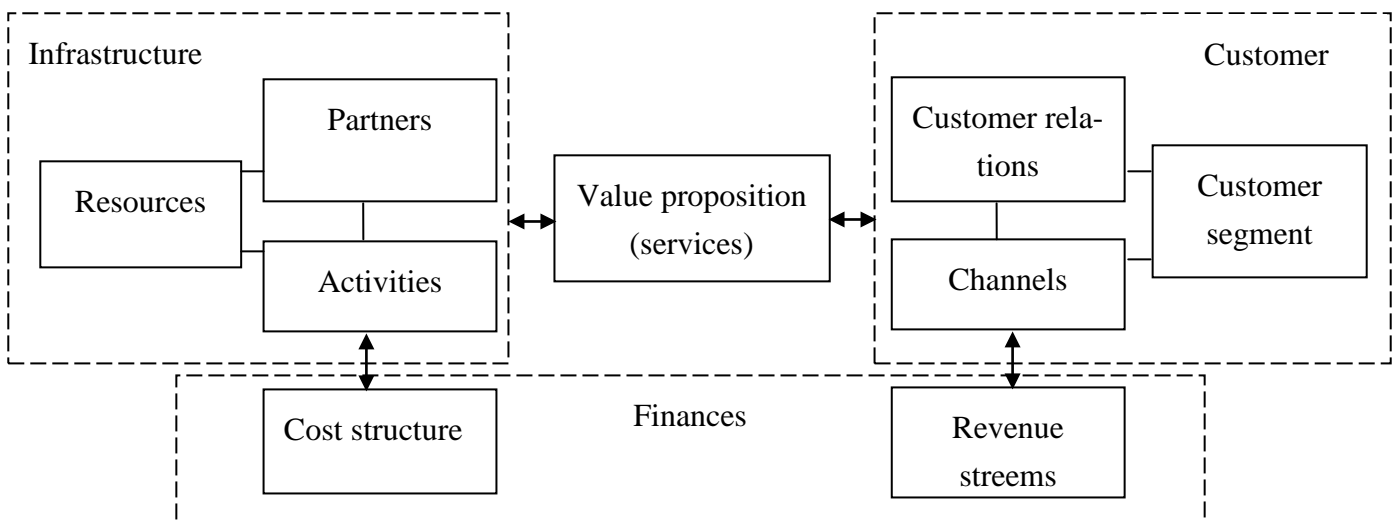
Figure 1 Business model canvas (Osterwalder & Pigneur, 2010, 18-19)

Business model canvas unites 4 main parts of organizational economic activities: infrastructure, customers, offer (or products and services) and financial components. These parts divided on other basic business elements.

Value proposition is a central slice of the model. This term supposes goods and services that company offers to the customers. Naturally, offers create value for clients, satisfy their needs and sometimes determine competitive advantage over rivals. In relation to Internet environment and intangible products, the offer is often represented in a form of services as software applications, web design, consultancy, online transactions, e-marketing and etc. The differentiation of propositions as well as their value is based on premises of price, quality, usability, branding, additional usefulness, risk reduction and other characteristics.

Customer segment indicate a group of customers (or potential customers) for whom the organization creates value and whom it targets to reach. Customer segments on e-market are similar to the ones on the regular market according to their needs and organizations. Clients could be individuals (B2C) as well as other business organizations

(B2B). Customers could require specific customized products and services or to be segmented to mass market when their needs are very similar.

Channels play role of transaction enablers between a company and its clients. Here are included marketing or promotional activities, delivery of value propositions and communication. Basically, channels serve to increase awareness among potential customers, contact clients, provide transactions of products or services and perform post-sale support. The speed and quality of transactions in the channels can create additional value and competitive advantage.

Customer relationship management segment supposes managerial activities directed to obtain and retain customers. These relationships are quite diversified by the level of commitment: from person-to-person interaction to automated messaging or self-services. Communities are also related to customer relationship building activities. They allow customers to exchange experience and aids to the organizations to understand demand changes.

Resources are related to the infrastructure part. They unite physical (production lines, buildings, office assets and etc.), intellectual (knowledge and experience), human and financial resources. Naturally, combinations of key resources depend on type of organization and its offers.

Key activities are processes that run whole business model. Usually, in this meaning are included production of products and services processes, solution creation to satisfy specific customer requirements and platform building (dominant software establishment, brand, specific transaction system or management system).

Partners are vital for many commercial organizations. Partnership allows create tie cooperation with other parties to increase performance of a business model. Partners are able to bring lacking resources, reduce financial risks and optimize utilization of the resources.

Cost structure block incorporates all cost associated with performing business activities by an organization. Business model architecture often depends on cost structure. For example, some models are targeting cutting expenses (cost-driven business models) or, otherwise, companies do not concern costs for production luxury goods. Fixed costs are permanent expenses which are not depending on changes in the production volume. On the other hand, variable costs directly increased and dropped along the changes in production of products or services.

Revenue streams are methods of how an organization obtains its revenue. The most spread methods of revenue flow on e-market are usage fee (selling of access to online service as to online games); selling tangible products via Internet shops; subscription fee (i.e. selling of access per a month to the file exchange service); licensing of copyright products (such as media products reselling); advertisement in forms of banner ads or search engine optimization and etc. (Osterwalder & Pigneur, 2010, 18-41)

Business model canvas could be utilized for analysis of any business as it includes fundamental parts of the business activities. Additionally, this canvas fits well for complementing a blueprint of online service producers business processes. The author of this research applied Canvas to the SEM business model development. It is designed to explain general business activities of online marketers.

3   SERCH ENGINE MARKETING AND OPTIMIZATION

3.1   Development of search engines

3.1.1   *Search engines review*

Search engine can be characterized as an application designed for information retrieval in particular database or information collection. Naturally, the web search engine is related to searching processes in the online environment. (Croft, Metzler & Strohman 2010, 6-7)

User`s initiation brought an order to the sea of digital information and completed the searching process with logical classification. Nowadays most of the categorization and information structuring is performed automatically. However, at the beginning of Internet era the assigning of explanatory data to the pieces of information and standardization have been utilized manually by international groups, user-communities and industry-related organizations. (Moschella, 2003) They implemented key components that allow performing the searching efficiently and effectively. Among companents, for example, are: metadata (tags that contains data about pieces of information as a picture or text); taxonomy refers to hierarchy and pattern of information classification; objects are pieces of information as text or video they can be characterized as units of content, and etc.

At first, search engines where not so user-friendly as they are in the modern time. Thousands of pages required personal checking of their relevance to user requests. The links to the most valuable web pages were often promoted and distributed by word-of-mouth and based on personal experience. (Langville & Meyer, 2006, 3-4) Relevance was an issue. Basically it means if the founded information by a search engine is really relevant to what the user is looking for. (Croft et al, 2010, 4)

The development of link analysis technique became a turning point in 1998 for the improvement of search engine operations quality. This method allowed to consider additional information incorporated in the hyperlink structure of web sites for more accurate searching. In 2004 the most successful in applying and improving this technique became Google (with its market share 37% already in that year) and Yahoo! (Langville & Meyer, 2006, 4). Link analysis models allowed exploiting the scoring of web pages by their popularity rather than their content. This was an important step in improving the searching quality as the evaluation by content was quite fast corrupted with spamming-optimization techniques. In the modern time, search engine have improved their

algorithms of searching. They manage to filtrate and retrieve the most relevant information for a user.

3.1.2 Technical aspects of search engines

To continue the future discussion there should be clarified the structure and basic components of a search engine. The Internet search engine processes can be explained based on the following Figure 2 (Langville & Meyer, 2006, 11-12):
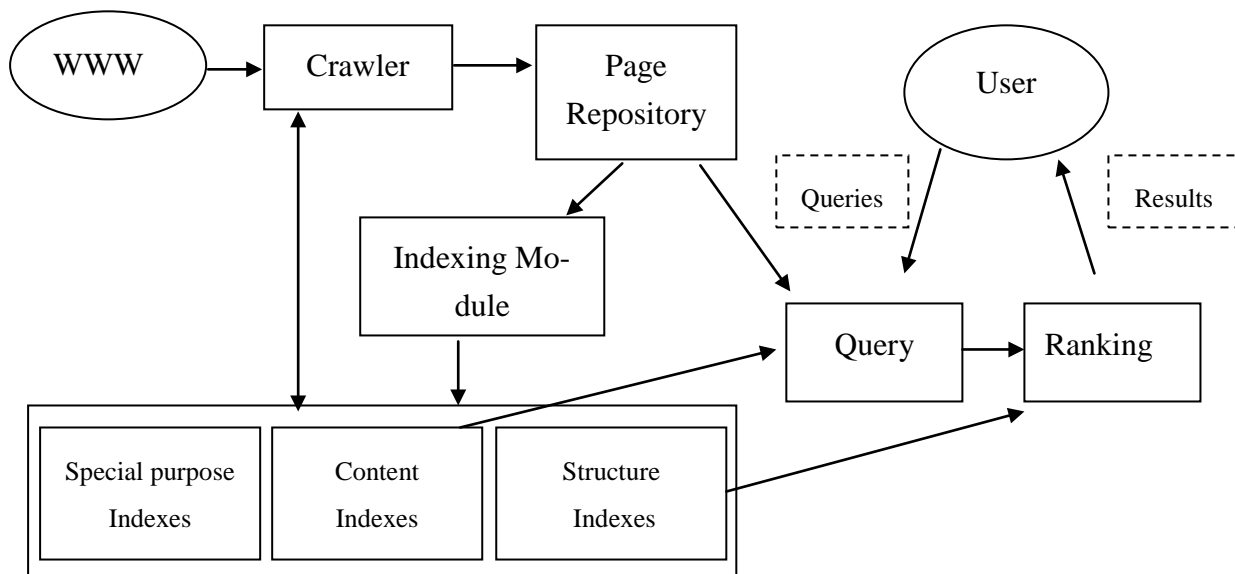
Figure 2 Elements of search engine (Langville & Meyer, 2006, adapted by Olga Dziubaniuk)

Crawler is software that performs collection and classification of information pieces on the web. Page Repository serves as a capacity for temporary storing information about new web pages. The most visited pages are stored in this module longer. Indexing Module creates compressed or brief information about new web pages. Three basic types of indexes content brief information regard each web page. Content index is responsible for content data as text, key words and other attributes of web sites. Structure index stores information about hyperlinks structure of the web sites. The third type of

indexes, Special purpose indexes, represents special "cases" as, for example, indexes of images.

The query term is well explained by Yates & Neto (1999): search engine operation begins with user`s query which is a written expression of required information. Query can be implemented in a form of a single word as well as a phrase which is more complex assignment for the search engine to process.

Ranking on the query list is performed by particular evaluation criteria. The ranking`s output is a list of appropriate web pages on the top of the search list, whereas displayed web sites are the most relevant to the user`s query. Pages with high content relevance and popularity are moving to the first lines of the result list. (Mamaghani, 2009)

3.1.3 Search engine portals

According to statistics, the most popular web search engine portals in 2010 on the global level are Google (71.4%), Yahoo! (14.4%), Bing (9.9%) and Ask (2.3%). (Miller, 2011) Nowadays search engines are utilized by every Internet user. Simple search retrievers evolved into powerful search engine portals. The biggest competitors in the search engine business are Google and Yahoo! It is considered that Google is preferred by users due to its sophisticated searching technology. Searching is not simply technical procedure anymore. It also assists users in categorization, access, analysis and memorizing of information. (Deutschman, 2005)

Search engines portals offer not simply effective information search service but also related services in order to attract more users. For example, search engine portals enable e-mail services, maps, shopping or file exchange management usually for free of charge. (cf. Deutschman, 2005; Halavais, 2009) These services attract users and tie them to particular search engine with loyalty. It brings to conclusions that search engine marketers would be interested to engage in business relationships with the most popular search portals as they draw high volume of users which are potential customers to the marketers.

Basically, search engines obtain profit by selling link`s positions in the result list according to user`s query. It is co-called paid search advertisement. Search engine became intermediaries between companies and their potential customers. (Ghose & Yang, 2008)

In 2009 the largest profit generating marketing unit was search marketing followed only by displayed ads and classified ads. (Sheehan, 2010, 36) Obviously, development and improvement of search engine portals advertisement activities were not waste of time.

As an example of search engine portal business model can be exploit Google`s business model. In a form of a set of building blocks the model is illustrated in the Figure 3 (Osterwalder & Pigneur, 2010, 81):

Key partners	Key activities: Platform management, Managing services, Expanding reach	Value proposition: Targeted Ads Free search Monetizing content	Customer relationships	Customer segment: Advertisers Web surfers Content owners
	Key resources: Search platform (Google.com)		Channels	
Cost structure: Platform costs			Revenue streams: Keyword auction Profit of content providers	

Figure 3 Google Business model (Osterwalder & Pigneur, 2010, 81)

Google`s Value propositions are targeted advertisements; free of change searching and related services (Google maps, Gmail, Translator and etc.) and content monetizing (via AdSense service users are able to earn part of benefits by allowing Google to place its ads on their web sites according to their content). Mostly, profit flows to Google from advertisers (Customer segment) which are the source in the revenue stream. Additionally, they support content providers and offer free of charge services that allow to bring even more users to the searching portal and to distribute ads to the larger number of none-Google web pages. Naturally, the more owners of web sites earn with Google the more they are interested to continue this partnership.

Key resources of Google are its services: search engine, AdWords, and AdSense services. Advertisers bid on the rank through AdWords service in the targeted advertisement process. AdSense service was designed for affiliated web sites that place

Google1`s ads. In 2009 Google`s revenue consisted of $ 23.7 billion out of which 97% were obtained from the paid advertisement. (Rosso, 2010) Google key activities are: supporting and constantly improving searching; utilizing general services; building its platform popularity and its promotion on the network in order to attract users, content providers and commercial customers. (Osterwalder & Pigneur, 2010, 80-81)

Search engines designed to perform the searching but their efficiency is deferent. The scoring of the search engine design usually is based on the performance of ranking algorithms, user interaction and evaluation of information relevance. However, to properly evaluate the web engine performance it has to be considered an enormous volume of information it operates within. There are important additional attributes as time of response (time from request to results obtaining), speed of indexing (time required for transforming information to indexes for the search process) or speed of incorporation of new information into indexes. Scalability and customization also are significant rating features. Scalability evaluates the amount of users that can at the same time to exploit the search engine. Whereas customization is an ability to adapt the search engine to user`s requirements. (Croft et al, 2010, 8-9)

3.2 Business aspects of search engines

3.2.1 Search engine ranking

Advertisement through search engine became vital. The main reasons are: search engines are frequently visited and possess high traffic flows; users constantly searching for goods or services and some paid advertisement could be related to their requirements. (Halavais, 2009, 79) Search engine portal became e-marketing enablers after introduction of the algorithm of the page ranking. Although the ranking is associated mostly with Google other search engines apply these techniques as well.

Briefly, Page rank means determination of the most important pages according to their relevance to the query and their placement on the top of the search result list. (Franceschet, 2011) Ranking have different nature: it could be based on relevance of user`s requested words or paid by sponsors.

The significance of the ranking can be explained as the following: commercial search engine usually apply some limitations on the list of findings. For example, Google provides first 900 relevant links even although there could be found a million. These boundaries are saving time for processing results and allow search engines to perform searching process faster. Additionally, users are usually satisfied with the first page of

the result list and they are infrequently moving beyond the third page. (Sherman, 2005, 63)

According to statistics, in 2010 it was estimated by popular search engines that their users more frequently visited links on the first page. It is illustrated in the percentage estimation in Table 2. Popularity of the first page is a base for ranking competition. Percentage comparison explains why search engines have implemented services of payment for the links leading to certain web sites appearing on the first page of the list.

Table 2 Frequency of visits links on the search engine result lists (Miller, 2011)

	First page	Second page	Other
Google	95.8%	2.5%	1.7%
Yahoo!	95.2%	2.8%	1.9%
Bing	95.0%	3.4%	1.6%

The clients of search engines as firms or commercial organizations can view the process of transformation of the Internet surfers to their customers in the following perspective which is illustrated in Figure 4 Illustration of the searching process in commercial terms (Rutz & Bucklin, 2011). User, which is searching for goods or services, becomes impressed by one of the search results and clicks on the link. This click possibly can be ended by committing purchase at commercial organization web site.
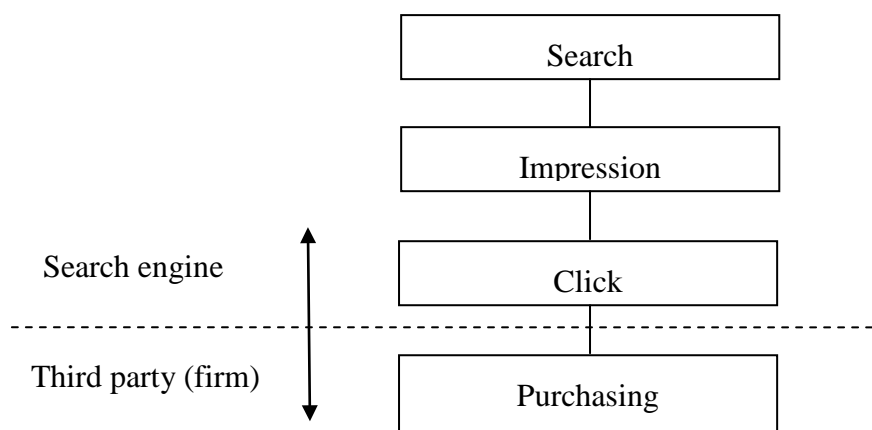

Figure 4 Illustration of the searching process in commercial terms (Rutz & Bucklin, 2011, modified by Olga Dziubaniuk)

Link marketing of search engines basically divided on two categories: Organic (or natural) search and Paid search (or sponsored links). (Halavais, 2009) Organic search results are the subjects with high relevance to the user`s query in the search engine:

links, images, video and other content. Crawler surfs the network in search for matching query information parts, as key words, in the content on the web pages as well as in their hyperlinks. (Sheehan, 2010, 36)

On Google portal main list of the results appears on the central side of the Google's web page. For retrieving these searching results Goggle's crawler proving analysis of the links on relevance and their popularity. (Thurow, 2003) These features of the web pages would determine the order of Organic results position on the list.

Naturally, Organic results are more appreciation by users as they are considered being most relevant to the key-words queries and assumingly they do not lead to advertisement or not required web sites. Additionally, search engines do not receive direct profit out of this Organic search. (Ma, Pant & Sheng, 2010) Interestingly, that Organic search also is considered more valuable among commercial optimizers of SEM. As it was already mentioned, Organic search does not require payment to engines and more frequently watched by common users comparing to paid advertisement links. (Miller, 2011)

Key-word advertisement supposes placement of a web site link in the particular rank. Naturally, web site owner pay for this positioning on the auction base. (Chen, Liu, & Whinston, 2009) The higher price was paid to a search engine - on the higher place in the rank the web site will be displayed. Regarding sponsored links in different literature sources a variety of terms, as sponsored search, context ads or Pay-per-Click, exists. The mechanism is simple: user inputs query after which relevant links appear and they are paid or sponsored. In case the user is interested in these ads and click on the sponsored link search engine service charges payment from owner of the link (web site). (Rosso, 2010)

Thurow (2003) refers to paid links appearing on the top of the Google`s result list as to Pay-for-Placement advertising. On the right side of Google result page will be displayed a box with sponsored links. Some advertising links can appear on top of the list of Organic results on the different background color. These links where checked and approved by Google. They usually related to commercial queries of users, for example, in searching for particular brand name or product. The titles of advertising links are narrowed to 25 characters and to 70 of their description. The order of positions of the sponsored links is also depend on the amount costs paid for the advertising.

It should be mentioned that Google constantly updates its display of the result list. The history of re-design can be found on Google`s History in depth pages in details (Google, 2012). Nowadays, Organic list is placed as usual, but contextual advertisements can be displayed above and below of it or does not be displayed at all if it is not relevant to the query. (e.g. APENDIX 1 Google search engine results list display, 2012)

3.2.2   Search engine ads tools

Search engine portals developed their own tools for performing search marketing programs. Their brief overview on the example of Google services is presented below.

Google`s service application AdWords provides the automated service for clients who wish to pay for advertising. The process is rather simple: customers of the search marketing can select words or terms that will lead to their web sites or the particular web page from the search engine. The customer (or a representative of commercial organization) settles price that will be pied to Google if a user will click on the sponsored link. The range of the payment varies from $ U.S. 0.5 to 50 per click. Considering the price and also frequency of clicking on the sponsored link Google places it higher to the top of the result-list. (Google AdWords, 2012) AdWords is the main source of Google`s profit. Its features, that attract customers to utilize AdWords service, are the simple usage of this application and permanent control over the advertising process.

AdSense was launched in 2003. This small software allows displaying of sponsored links on web pages according to their content. (Sherman, 2005) This tool is useful for web sites or blogs with popular content and high visiting rate. It means that on the user`s web site will be placed similar to Google AdWords box with sponsored links. If the visitors click on these links the owner of the page will obtain particular part of payment for every click. (Googel Publisher solutions, 2012) Of course this practice does not guarantee that visitors would be interested to click on ads links. However, the participation in AdSence services does not cost anything for the web site owners. The model of this service revenue generation is Pay-per-Click which was discussed early. Popularity of this service also is due to a fact that Google monitors engaged within ads service web sites in order avoid placement of ads on pages with unethical content. (Morochove, 2008)

Yahoo! proposes similar ads services as Google. However, they attempt to differentiate themselves. For instance, Yahoo! offers RichAds service. This service process is similar to sponsored links but instead of the link list users can observe interactive ads as video, pictures or other interactive options. (Yahoo! RichAds, 2012)

Local to Russian region search engine Yandex.ru also utilizes ads services. Yandex.ru launched map service similar to Google`s one, but focused on Russian region. The maps are well accessible from personal computers and mobile devices. They became very popular as these maps are more detailed than Google`s ones. Yandex integrated commercial information about companies and their services to the position of the maps. (Yandex Maps, 2012)

3.3   Search engine optimization and Web positioning

Search marketing has certain advantages companies to other adverts (Chan, Yuan, Koehler & Kumar, 2011):

- Easy evaluation of the marketing process as estimation a number of clicks, which illustrates user interest in the offers
- Advertisers have to pay for marketing only in case a potential client clicked on their link
- Search results are relevant to user`s query.

A customer is able to pay to the search engine for the search marketing directly. In this case why one would be engaged in optimization marketing programs performed by third parties – search marketers? The answer is in the nature of these programs and costs. Payment for placement guarantees appearance in the sponsored links box and high visibility. However, this does not mean strict relevance to the searcher query and long-term placement requires constant expenses. Additionally, firms are engaged in the bid wars over the rank and the winner is who offers the highest price. Search engine marketing firms apply techniques and provide grantees that a link will stay on the high positions. (Agarwal, Hosanagar & Smith, 2011) Proper optimization of a web site can lead to the top places in Organic search without additional payments to the search engines. If the pages are easy to find after optimization this means even one time optimization campaign can be more successful than long term Pay-for-Click program of search engine services. (Thurow, 2003, 229)

Positioning in the list of web pages provided by a search engine has similar advantage as traditional positioning. This notion can be referred to the one of M. Porte`s three generic strategies: cost leadership, differentiation and focus. Strategic company`s focus or "niche" is a place or a segment that company targets to achieve on particular market. This targeting market segment could be particular customers, specific product value or geographical market place. (Peng 2006, 55) Similar to the company that tries to acquire convenient strategic location on the market of some country the firm can aim to the visible place on the first pages on the search engine results list.

Sheehan (2010) in the work "Basic marketing: Online marketing" clearly explains difference between marketing campaigns on the online search market and traditional (offline) market. It is exposed in Figure 5. Basic meaning of the illustration is that consumers in traditional marketing campaign obtain waste of ads which is rarely relevant to their needs. In the online marketing, "pull" strategy is implemented. Consumers search for products and services themselves. The role of search engines here is to filter their requests and offer them the most suitable options on the top of the search result list. Search marketers as well influence on the order of links in the list by optimization techniques. They explore customer behavior of query input and modify pages accordingly.

```
┌──────────────────────────────────────────────────────────────────┐
│   Analogue world: Approximate number of daily exposures to adverts │
└──────────────────────────────────────────────────────────────────┘
```

| Marketers push their messages | Media | 200.000 adverts | Filtered by consumers choice media | Consumer receive thousands of irrelevant ads |

| More | Axis of control | Less |

```
┌──────────────────────────────────────────────────────────────────┐
│   Digital word: Approximate number of daily exposures to adverts   │
└──────────────────────────────────────────────────────────────────┘
```

| Consumes pulls in dozens of adverts relevant to their search and intentions | Search filter pulls in relevant adverts | 200.000 adverts | Media | Marketers |

| More | Axis of control | Less |

Figure 5 Analog and Digital worlds marketing (Sheehan, 2010, 40)

Sherman (2005) refers to search engine optimization as an industry that operates to aid web pages move to the top of the web sites ranking of popular search engines. Thurow (2003) explains SEO in technical view as a process of scripting, writing codes or designing web pages so they would be visible as the most relevant to the key words query in the search engines. Gronlud (2010) explains SEO as a part of long-lasting marketing program that utilizes web site design techniques, third-party cooperation and commitment to place client`s web site on the high position on the rank list and to attract traffic to their web sites. Naturally, optimization as a part of SEM appeared as a consequence of the competition over high rank position in the search engine result list. (Halavais, 2009, 71) The current research work considers SEM as a set of optimizations techniques and processes incorporated in a wide marketing program in order to rice visibility of web sites to search engines and their users.

Basically, the goal of the optimizing process is that users or potential customers can easily reach particular web site. In the article "Brand positioning strategy using search engine marketing" authors provide short summary of SEO benefits (Dou, Wenuy, Chenting & Nan, 2010):

- Improving public relations activities

- Low-cost advertisement
- Building band name
- Learning customer behavior.

As optimization influences on positioning it can be a source of differentiation of a brand. Differentiation could be a pelage of success according to M. Porter`s theory. (Peng, 2006) SEM and optimization should be viewed a part of overall marketing approach rather than technical modifications and improvements of the web pages.

3.4   SEM processes and SEO tools

SEM representatives apply different marketing techniques – some ethical and some "pirate" ones – to pursue search engines to find a web site fast and place it as the most relevant result to the searcher`s request. Among the main methods of SEO are the optimizing of content (text or terms) and explanation title to particular subject (for example, names of pictures or videos). Key word research techniques are a set of tools directed to key words optimization. There is a variety of these tools as: an aiding application in learning popularity of the word; tools evaluating possible number of clicks that can be performed due to relevant query word; estimation tool for possible number of clicks that can be obtained by particular bid price and etc. (Mamaghani, 2009)

Sherman (2005) provides an example of a case of modified by a SEO professional page referring to the key words "diamond jewelry." The repetition of these words in different contexts and combinations with other words is targeting to be marked by search engine as the most query-relevant. The same terms can be placed in the text (or body of the web page), title or even in URL. (Sherman, 2005, 83-84) Modern search engine algorithms are sensitive to the link spelling. Architecture of pages and connections between them also has to be optimized and simplified. (Null, 2009)

Ledford (2008) indicates importance of cross-link exchange as a part of page optimization process. Links could lead to the site as well as direct to others. This also increases pages visibility as search engines estimate number of leading links to the web site. The more links connected to the site the more reliable it is considered.

Google Analytic is a service implemented by Google. It is dedicated to research regarding traffic and key words popularization. This technique is valuable for search marketers as it is free of charge and provides the most accurate information in relation to trends in search engine queries. (Google Analytic, 2012)

Some online marketers engaged even in development of content for web sites that would be naturally attractive to search engines. It is considered that interesting content including pictures, videos and interactive media brings more potential customers to the

web site. Popular content initiate traffic flow and rise visibility in Organic search. Hendley (2012) lists some examples of the content that can be provided to a commercial web site or a sponsored blog to boost its popularity:

- Comparison of services and products information frequently attract customers
- Placement of valuable content that is interested for the wide mass of customers as technologies for particular industry or links to videos
- Success stories of customers
- Answers on the most frequent questions regarding a company or products.

Blogging is viewed as a method of communication. However, it can be also designed and utilized to create large amount of content, implement key words, highlight sponsoring brand name and generate traffic to the web site that later can be redirected to other sites. (Gronlund, 2010) Sponsored virtual communication initiated by organizations is a part of company`s social media program. The main issue is to attract customers to participation in these communities. Marketers are able to promote community membership inclusion and understand needs of clients or what they are trying to obtain out of participation. (Porter, Donthu, MacElroy & Wydra, 2011)

In recent years, popularity of social networks as Facebook, Twitter, MySpace or LinkedIn has highly raised. Although these social portals implement their own adverts, users (or specially hired experts) can create advertising content and share it on the social networks. (Taylor, Lewin & Strutton, 2011)

There are applied different techniques to learn consumer`s behavior in traditional marketing. The most frequently utilized methods are observation of behavior, interviews or questionnaires and experiments. (Blackwell - Miniard – Engel, 2001, 21-22) Can be these methods transferred and applied to the online marketing? Learning user`s search behavior is vital for search engines and search engine marketers. (Gay et al, 2007, 168) The first ones apply user information for improving of developing their searching methods. The second ones learn how to modify web pages according to preferences of users and, for instance, the most popular queries.

Knowledge regarding search behavior pattern can be crucial for optimization process. For example, SEO applicants should consider that users sometimes not sure what they are looking for and, therefore, they type words that are related to the searched brand or product but not directly name it in the search engine. Simply inaccurate query can lead to non relevant web pages. Optimizers are able to benefit on this if they would understand user logic and modify web pages key words accordingly. (Sun & Spears, 2011) On Russian segment of the Internet this is a common issue of utilization Cyrillic alphabet and Latin letters. Users often forget to switch between two alphabets and type query with Latin letters but a Russian word. This query is seemed meaningless for a person but not for a search engine which is searching for exact word. Optimizers can

incorporate this senseless word to the web page and, therefore, for inaccurate query there will appear relevant web site.

Usually customers of SEM expect attraction of large amount of traffic to their pages at once after optimization. (Spencer, 2011) However, time is required for engines to recognize the page for Organic search results inclusion. Page cannot be remaining on the same position constantly as search engines change their retrieving algorithms frequently. The author of this study believes that building of stable traffic stream is better strategy than fighting for top positions on the rank. Stable traffic obtained in some time from the search engines could be considered as a successful outcome of marketing program.

Large companies hire search engine optimizers in addition to their staff. The team of technical support is able to develop and run web sites but could fail to market it well on the Internet environment. Croft et al (2010) apply this position in a firm as "search engineer" to employees of search engine commercial organizations. Also search engineers are specialists that perform optimization to the specifics of the search engines and they are members of web design employees group.

In summary, it can be concluded that search marketing is an important part of overall online marketing. Among main techniques of SEM there are Pay-per-Click, Pay-for-Inclusion and search engine optimization. Search engine marketing is generally dedicated to the placement on the high rank of the search engine results. Optimization is mostly associated with web structure and design manipulations. SEO professionals apply various tools and applications to the optimization process. However, some of those techniques are equal to the spamming or unfair web manipulations.

3.5   Unethical methods of search optimization

Basically SEM types could be divided according to their goals and techniques. One group is targeting to improve quality of web sites and their visibility according to search engines guidelines. Another type – or so-called "Black SEO" (Malaga, 2008) - utilizes methods that can be viewed as cheating on search engines. Google, for example, has developed special policies against these techniques and when it determines that a web site was under these "pirate" manipulations it can be banned. (Thurow, 2003) These unethical techniques utilization has created relatively negative reputation of SEM business.

Search engine portals constantly develop improvements of their algorithms in order to escape unfaithful optimization techniques. However, mistakes in regular optimizations also can bring to exclusion from the first pages of the rank. An interesting example

of it is a Skyfacet.com case. The jewelry selling web site lost approximately $ 500 000 within 3 months. Google`s crawler has judged this site as spamming one. As a result, it ended up with decreased traffic and low visibility. This occurred due to mistakes during attempt to optimize pages for improving visibility: specially hired consultant has duplicated content on the pages which was considered as spamming manipulation by the search engine. (Greenberg, 2007)

Users, traditionally, are called spammers if they sand advertising e-mails to the enormous number of Internet users. Later, this title also covered participants in promotion of web pages on the top of ranks on the search engines with unethical methods. Basically, spam can be defined as misleading information or not relevant data targeting to achieve profit out of its distribution (Croft et al, 2010, 8).

Unethical techniques term utilized in this research supposes technical methods of manipulation that could lead to the ban by search engines. Term "spamdexing" represents misleading indexation for manipulation of search engine ranking position. The techniques of "spamdexing" are directed to mislead users in order to attract them to the pages that are not relevant to their query (Halavais, 2009, 72).

> *Search engine spam is more about how and to what extent a marketing technique is used rather than if a technique is used. (Thurow, 2003, 219)*

Several researchers have discussed unethical spamming techniques applied by Black SEO in their works. They could be summarized in the following list (cf. Thurow, 2003, 221-228; Sherman, 2005, 85; Langville & Meyer, 2006, 10; Ledford, 2008; Malaga, 2008):

- Hyperlink manipulation
    - The utilizing of the redirection technique which leads a searcher to another the web site different from which was originally displayed by search engine
    - Link farming, a widespread technique, which supposes placing of not related cross-links to other web sites on the one web page. Due to that, search engine view this optimized web site as a popular one
    - Invisible for the searchers or hidden links: user click on space, for example a picture, but the user cannot see that it is a hyperlink
    - Purchasing of domains with similar to the popular ones names in order to attract traffic by confusing searchers (i.e. compare Yahoo.com and Yahhoo.com). In the US this technique, called cyber-squatting, is banned by the law
    - "Black hat" technique supposes creation large number of blogs that automatically send massages to each other of updating. Each link of these

blogs is placed on a web site. This messaging among blogs attracts search engine crawlers to the site

- Content manipulation
    - Presenting copied content of other popular pages with slight changes is page jacking (this methods can also lead to copyright issues)
    - The written text of the same color as background on a web page attracts search engine attention but it is not displayed to the users. Similar methods: inserting hidden text between tags; creating invisible layers of pages and imbedding text slightly lighter than background which is visible to search engines but inconvenient to read for the users
    - Key word stacking is a multiple repetition of words in the content or title of the web site
    - Duplication or mirroring of content on several pages or domains
    - Applying popular or most common word to the web site (in meta tags, content or title) even if they are not responding to real content of the site
- Hidden relevance
    - Doorways are optimized pages that can look relevant to the query but contain low-value information
    - Incorporating key words in graphic images of small size, text is hidden in picture`s alternative text
    - Specific page can be presented to the crawler and another one to the searcher (co-called Cloaking method)

Langville & Meyer referring to the Page Rank as Google`s main technology which is under constant threat of spammers. That is why to this tool of scoring web pages are permanently applied improvements and refinements to achieve spam-avoiding algorithm. Search engines also provide other precautions against unethical optimizations. For example, they can be the determination of sources of spamming as web pages or links, or the application of so-called BadRanking which means finding pages connected to other spamming pages. (Langville & Meyer, 2006, 140-141)

Basically, Page Rank ensures that hyperlink is reliable. (Halavais, 2009, 67-68) Thurow (2003) in the work "Search engine visibility" highlights why the modification of a web site to be friendly to search engines is more beneficial than applying spamming techniques in order to achieve top of the rank. The research explains that "black SEO" brings short-term results or lead to exclusion, whereas, legal optimization provides long-term relatively high visibility.

Spamming methods would lead a web site to the top. However, in a time the search engine spam filters would uncover a source of the spam. If the web pages would be determines as the spamming they will be banned eventually. To return from the search engine`s black list the owner of the site has to contact it's the engines personnel and

assure them that he will not utilize unethical methods again. Efficient site design and content would save costs and time on developing doubting spamming methods.

3.6   Trustworthiness of SEM

Trust is a fundamental option in commerce. In relation to business trust can be defined as positive expectations of individuals engaged within commercial relationships. In brief, it is a supposition that business unit would fulfill its promises without any complications and of expected quality. (Kord – Yaghoubi – Khani – Esmaeali, 2011) On the traditional market trust between clients and organizations are maintained on the mutual cooperation and personal communication. E-commerce differs from it in term that it is related global market and communication is performed through digital channels. (Abyad, 2011) Business trust influences on investment decisions, engagement in cooperation, building relationships, reputation construction and customer loyalty (Paliszkiewicz, 2011). It can be assumed that trust can be built on openness and mutual learning of engaged in business relationships participants.

The issues of trust and reliability to online commercial organizations began to arise along the e-commerce spreading. The Internet is an open environment. Any company can enter to e-market. Companies are able to present falsified information on the network that would be impossible to verify (Xiao & Benbasat, 2011). In relation to e-commerce, the trust is measured as willingness of potential customers to commit purchasing of products or services via the network (Kim & Benbasat, 2009). The most prominent examples of online frauds can be related to leaking of private information, credit cards manipulation, misleading information about goods and services, ignorance of return or refund practices and etc.

Firm can gradually build trustful attitude toward its business operations if it follows basic norms of the business leading. However, it is difficult to be trustworthy to customers in case the whole industry (i.e. SEM) is under the shadow of unethical business behavior. Also, it is worth to mention that it is not companies that build trust but their employees.

This research is partly dedicated to completing a list of options that influence on user's perspective and trust on the field of SEM e-commerce. According to several literature sources there could be identified factors that influence on clients trust in e-commerce. First of all, it is trust-assuring arguments placed on commercial web sites. This argument term supposes assuring content, third party whiteness (for example, independent customer feedback) or self-assuring proclamation introduced on the web site. (Kim & Benbasat, 2009) Third-part testimony is considered the most valuable asset in trust and reputation building.

Ethical SEM organization usually has to provide a list of client companies. Popular brand company in marketer`s portfolio is a valuable option to consider the marketer as a trustful organization. It is proofed that trust in higher to the known brands and brands with positive image. At the same time, cooperation between famous brands and unknown ones is able to bring positive perception to the developing company. (Lowry – Vance - Moody – Beckman – Read, 2008) However, portfolio of client-web sites yet does not mean that SEM marketers can be trusted. It could occur that any of listed companies were banned by search engines for spamming in sometime after launching search marketing program. Inexperienced customer can easy believe to misleading information.

Naturally, SEM can influence on users perception of particular brand. A user considers web links on the high positions of the search results list more trustworthy and reliable than those on the lower ones. (Dou et al, 2010) This trust is based on the technical specifics of search engine to lead to the reliable pages that are verified by engines. It is considered that search engines place in the result list, in the first turn, well known, and therefore, trusted web sites. Even paid inclusion is able to add trustworthiness to the brand as it mean that firm, obviously, invests in its marketing programs. (Jansen – Mimi – Schultz, 2009)

 Content of SEM web pages and self-assuring statements are important to consider and valuated according their clearness and accuracy. Experienced marketers are interested to provide clear information for visitors regarding the meaning of marketing programs for their businesses. Self-assuring statements usually explain why this company should be selected over another. Nevertheless, well presented assuring content cannot be fully trustful in digital business.

Web design also influences on customer trust to commercial web sites. The components of web pages that incorporate such elements as easy navigation, wide content regarding offers, comprehensive terminology and basic architecture of pages are able to cast assurance on customer attitude toward the web site or presented brand. (Abyad, 2011) Web design is important for search marketers. It highlights marketer`s attitude to customers who, naturally, value more user-friendly web sites. Especially design quality is important in case the marketing firm offers web design as a part of its service portfolio.

Trust to marketers also could be based on several notions as relevance of the information to customer needs, full information over offers rather than persuasive statements, and aiding direction of campaigns and etc. Negative perception of marketing frequently is base on personal negative experience of users. (Heath & Heath, 2008) As it was already mentioned, distrust of search marketers is connected mainly to their unethical web manipulations and techniques. Marketer motivation is obvious: beat competitors in bringing customers to the top rank and obtain higher profit for any cost.

The neglecting search engine guideline by optimizers brings only short-term profit as it ruins marketers reputation. Unfair manipulations and techniques cause ban by search engines. (Malaga, 2008) Search marketers in particular way also participate in image building of their clients. If the site is easy to find and it is relevant to the users query, it adds value to the brand and form positive attitude of potential customers.

It could occur that marketers optimize pages for a customer and then closed communication with him. Web page could really reach the top page and attract some amount of users but then the site could be included into "black list" of search engines. This means that post-purchase service support and communication are also indicators of trustworthiness of the company. Communication with clients performed not only in form of conversation but also as a reporting system. Communication and trust are directly connected. (Sarker – Ahuja - Sarker - Kirkeby, 2011) Collaboration and openness not only contribute to clarification of assignment to perform but also bring to the light intentions of the task executor.

Search engine marketing is a quite unpredictable business. A person performing optimization can guarantee utilizing ethical techniques, proper web site optimization, selection of suitable key words and etc. However, these methods still cannot assure the reaching the top ranks of the search engines. At the same time, turning to unethical manipulations and techniques lead to the ruing marketer`s brand name and form negative attitude toward whole SEM industry. Marketers should relay on their skill and being innovative in relation to their services.

3.7   SEM business processes as a marketing organization

According to examined literature sources it becomes apparent that business insight of SEM is focused generally on SEO techniques and implementation of online marketing programs. In relation to the business trust SEM organizations are viewed as unfair manipulators that receive profit out of unethical methods of optimization.

SEM can be considered as a part of marketing programs on the Internet environment. In academic sources it is generally discussed in the light of its benefits for online ads campaigns of commercial organizations. Advantages of SEM utilization are traffic attraction to web sites and increasing their visibility for search engines and, therefore, potential customers. Marketers offer consulting regard key words biding practices for engines ads services or they are able to perform these activities themselves. Additionally, SEM customers are able to access related marketing methods as social media marketing, content creation, web design and others. However, all mentioned SEM benefits are presented from the view of their usefulness to the customers. Online marketers still are considered as technicians rather than business providers.

This study targets to present business features of SEM companies from the supplier perspective. It is dedicated to the understanding of organization and business logic of search engine marketers. SEM commercial units perform their specific business activities which are different from other digital companies. First of all, SEM firms are fully virtual companies that offer digital services. They function only on the Internet market and their service is in scopes of online businesses. Search marketers are mostly focused on search engine marketing programs. These businesses are not tied to particular location and they are able to operate on the global level. Frequently, SEM is associated with unethical manipulations. However, their demand remains stable which is apparent due to large number of SEM firms on the network.

Author of this research assumes that currently SEM firms are developing from teams of experts to the grown online marketing organizations. Their business processes have to be yet analyzed. This study can interest online marketers as it aims to formalize their business activities and accomplish SEM business model. Knowledge regard SEM as business are significant to obtain as, in spite of the fact, that this industry has already long history only now it began to form official commercial units.

This study is focused to collect data of SEM practices and opinions of SEM business participants in order to explain benefits of customer trust. Based on the findings marketers would be able to evaluate advantages of trustful business leading practices and consider their implementation.

4 RESEARCH METHODOLOGY

4.1 Research design

In order to answer research questions of this work it is required to collect information of several representative organizations involved in SEM business. Additionally, to answer the second question regarding trustworthiness the opinion of parts related to search engines and possession of knowledge over SEM are required. Research questions are designed to find answers and interpret them into construction of SEM business model. Järvinen (2004) refers to the research questions as to the statements that define main target of the research and influence on design of the study.

The overall research design of this work can be introduced in the scopes of the following Figure 6 Research design:

```
┌─────────────────────────────┐
│      Type of research:      │
│   Qualitative, descriptive  │
└─────────────────────────────┘
              │
┌─────────────────────────────┐
│      Research method:       │
│       Phenomenography       │
└─────────────────────────────┘
              │
┌─────────────────────────────┐
│  Data collection technique: │
│        Questionnaire        │
└─────────────────────────────┘
```
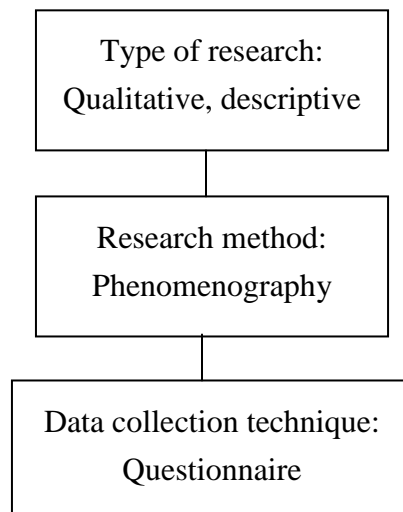
Figure 6 Research design

According to the classes of the studies the current work can be related to descriptive research. The target of the research is clearly understood: to design a business model and to develop a list of recommendations for organizations to remain trustworthy. The research problem is called structured as it clearly defines aims to achieve. (Ghauri & Gronhaug, 2002, 48-49)

Parts of the business model are determined. The model`s base is Business model canvas, and it is discussed in the second chapter of this work. Therefore, there is a necessity to collect data out of different respondents to complete the model. Collected data should be evaluated and clarified in order to design precise architecture of the model. (Saunders – Lewis – Thornhill, 2007, 134)

Descriptive research is targeting to represent features of particular phenomena. (Sekaran & Bougie, 2009, 106) This assumption brings us to conclusion that current research is phenomenography. It is a research method designed to describe and produce the understanding of certain phenomena which, in our case, search marketing business activities. Additionally, phenomenography represents opinion or vision of population on real-life aspects. The aim of phenomenography is the selection of concepts which best describe the phenomena. As the understanding of reality is withdrawn from a group of e-marketing representatives this means that phenomenography technique has second-order perspective comparing to the first-order one (where a researcher is personally related to the phenomena and describes it based on own experience). (Järvinen, 2004, 79-81)

The analysis in phenomenography consists of several steps. At first, it is aiming to select description categories. Horizontal structure of categories is the most suitable one for the business model creation. This means that categories by their importance and content are equal in the building blocks of the business model. In the second step, obtained written information (answers on the questionnaires) requires to be reviewed with the following selection of sensible units whereas some units are more significant for the research than others. These main points, or similar answers of respondents, should be selected and transformed to theoretical meanings. (Järvinen, 2004, 82)

This study is characterized as cross-sectional: the data of each respondent is collected once, within limited period of time. Also, it could be called one-shot study. (cf. Sekaran & Bougie, 2009, 119; Saunders, Lewis and Thornhill, 2007, 148)

Qualitative research applied to the obtaining empirical data regarding the phenomena in form of words in contrast to quantitative research technique which requires numerical data. (Saunders et al, 2007, 145) The aim of the work is to obtain knowledge about persons experience in the e-marketing and to build the model regarding which no many literature sources exist. Ghauri & Gronhaug (2002) refer knowledge collection based on experience to typical qualitative research technique. Silverman (2010) advices utilization of the qualitative direction of research in case when quantitative data are rather limited (or not suitable) and does not fit to descriptive study.

This research possesses deductive reasoning characteristics (Sekaran & Bougie, 2009, 28). At first theory regarding e-marketing and business model construction was applied to the research with the following its deduction to the specific industry – search engine marketing.

4.2 Empirical data collection

For this study were utilized primary and secondary sources of information. Among secondary sources are written materials as text books, magazine articles, reports and web sites of the companies on which base this research is conducted. Primary sources, by description, are personally gathered information on the field (Ghauri & Gronhaug, 2002, 81). As primary sources, in our case, were employees of several SEM virtual companies and one representative of a search engine portal. They provided required information through the questionnaires.

As a data collection method was selected questionnaire. It is defined as a list of questions on which answers are provided in the written form. (Sekaran & Bougie, 2009, 197) The set of questions was send by e-mails to several respondents who are located on distant areas and within different time zones. The questionnaires are enclosed in Appendixes 2 and 3.

Respondents of SEM firms, first of all, were selected on the base of search engine results. This, additionally, indicates how well these online marketing companies handle with their business if they are able to settle their company's links on the first three pages of the search engine (Google, in our case) results. The sampling technique is related to non-probability samples. The reason for this technique is applied, in our situation, is that the probability of selection particular company for the research out all population of online marketing companies was not identified and statistical techniques cannot be utilized for answering research questions. In additions, it is typical research sampling: it represents the typical online marketing company characteristics that were selected for this research. (Saunders et al, 2007, 207, 232) Obviously, data triangulation was applied. This means gathering input information out of several resources which fortifies research validity and reliability. (Sekaran & Bougie, 2009, 385)

Companies were selected by their SEM services offerings and their rank on the search engines. Search for respondents was conducted mostly via Google search engine. This choice of the engine is due to the several reasons. First of all, the author assumes that Google is the most sufficient portal for the searching. Also, there were sent two e-mails to search engine portals Google and Yahoo! with a request to answer on interview or questionnaire regarding SEM. The answer from the Google expressed regrets and explanations that Google does not provide answering research questionnaires as they have excessively many similar requests. The answer from the Yahoo! was never received.

Additional criteria for respondents selection was their organization of web sites and portfolio. The author believes that the list of clients indicates reliability of marketers. Additionally, sites supposed to present full information over the company and its contact information.

There were sent 75 requests to SEM companies placed on the first 3 pages of Google search list. In the request e-mail there were offered methods of data collection to choose as telephone interview or written answers on the questions. These methods selected due to time difference and geographical distance of the respondents. All participants preferred questionnaire form.

At first, the focus was on Finland-based SEM firms. There were three responses of Finnish companies with promises to participate in the research via the questionnaire. However, there was obtained only one accomplished list of answers.

Requests to other international companies were conducted through the contact information forms on SEM-firms web sites or sent by e-mails. Together there were receives 9 agreements to complete the questionnaires. However, only five written responses of SEM international firms were obtained. Questions design did not limit respondents in answers which put the questionnaire closer to the interview method which would be more sufficient for this study.

Some of SEM companies were addressed via SEM online community Search engine watch. (Search Engine Watch, retrieved 05.03.2012) Only one respondent (representative of Go-Gulf.com) was found through this community. The respondent actively participates in knowledge and experience sharing on that web portal.

First call for participation in this research to SEM companies was send 01.02.212. The requests were sending until 15.04.2012 with average frequency 2 times per week. The time on feed back e-mails to contribute to the study of SEM firms varies from 1 to 5 days. The author supposes that longest time for questionnaire response is 3 weeks, whereas most of answers were delivered within 2 days.

Therefore, the sample of respondents consists of 6 representatives of online marketing companies and 1 person (subject) of search engine portal employees. Precise employee of Yandex search engine portal was selected due to personal acquaintance. However, selection is also based on experience of this person in the company. The respondent is employed within Yandex since its foundation. The respondent preferred questionnaire form of questions. A set of questions was sent 01.02.012. The answers were obtained with one week. According to respondent`s preference the questionnaire was accomplished on Russian language.

There also was sent one questionnaire to a person who is engaged in open-source software business and commercial activities on the online market. This person could present wide insight of SEM as he has deep experience of the Internet applications development and e-marketing. However, the author of this study assumes that the answers on this questionnaire provide no sufficient information for the research and, therefore, were not applied to it.

Generally, there were completed two questionnaires. They were designed as a set of simple questions in order to make their context clear to the respondents. The first ques-

tionnaire was targeting to provide answers on the first research question related to the business model building. Additionally, some questions of this questionnaire partly cover the second research question of business trustworthiness. In the questionnaire the first question is divided on sub-questions. This question represents parts of the business model and inquires data required for accomplishing of this model. The rest of questions target to clarify structure of the companies and opinion of employees related to SEM business. It is required for drawing wider picture regarding online marketing business processes.

The second questionnaire is addressing a representative of search engine portal employees of Yandex.ru portal. It is questioning concerning SEO business activities from the perspective of search engine maintainers. The results are supposed to be dedicated mainly to the second research question and they cast additional exploratory insight on search online marketing.

Both questionnaires include open questions which are typical for exploratory research. Open questions suppose no limitations for answers of respondents or the questions ask for opinion. (Saunders et al, 2007, 369) All sets of answers provide full information over asked subjects. However, some answers presented more information than others. They included wide explanations SEO business processes and examples of successful cases.

3 participating companies were interested in obtaining the final version of this research report. Additionally, 2 companies offered to the author of this study possibility of employment or practice passing within their companies. They explained these offerings as they are constantly searching for specialists of Information systems science with business knowledge.

During data collection there were followed norms of ethics bases on recommendations of few literature sources (cf., Silverman, 2010, 156-160; Sekaran & Bougie, 2009, 220-222). Respondents were informed regarding the purpose of the research and how provided data will be utilized.

4.3   SEM organizations

As it was already mentioned, this research was conducted on the basis of 6 Internet marketing companies and one employee of search engine portal. In terms of time the fist questionnaire was accomplished by the search engine employee. Yandex.ru is Russian search engine portal. It operates on Russian segment of the Internet since 1997. (History of Yandex business: development of context advertisement, 2012) On the current moment it possesses 60% of Russian market share which makes Yandex number one portal within this market location. (Chupira, questionnaire, 07.02.2012) This search engine

portal applies similar to other engines methods of running business and obtaining profit. They utilize contextual advertising (Yandex Direct Advertising Network), service of providing text ads placement according to location (city or region); display of ads on own web pages or affiliated ones and consulting services for planning and implementation of online marketing programs.

The respondent, Anton Chupira, is a Client manager and responsible for customer relationship personnel in Yandex company. The respondent has provided information regarding relations of search engine and online marketers. This aids to formulate insight on trustworthiness of SEM companies and generally to evaluate their business processes in relation to engines.

There were 6 online companies participating in the answering on the questionnaires regarding search marketing. The author of this thesis believes that they can be called typical online marketing organizations as they provide typical SEO and related online marketing services.

Devenia Internet Marketing Ltd. was the first respondent. It is an international organization that has representatives in several countries. They list services as SEO, methods of traffic attraction to client`s web site and search engine marketing consultancy. Answers for the questionnaire are provided by Chief Operating Officer Eman Nabih on 03.02.2012.

The second participant in this research was Go-Gulf.com. This company based in Dubai and has wide portfolio of services. Among optimization and marketing services they also focused on web design and web application development. CEO Karel Zeman answered on questionnaire for this research. The answers were delivered 25.03.2012.

SEM International is another participant. It is typical online marketing company with wide portfolio from consulting and SEO to content development. They oriented on global market but also provide service customization for particular language or region. International Managing Director Michael Bonfils participated in the questionnaire answering. Questionnaire was accomplished 14.03.2012.

SEO Magnate is an India based company specialized on web design manipulations and basic online marketing services. CEO Vishal Sharma provided information for the current research on 28.02.2012.

Promodo Company is international online marketing company. It is based in the UK and has office in Russia and Ukraine. They perform optimizations, Pay-per-Click campaigns and consulting and other services. The company was represented by Igor Svydkoy, who is a Chief of Sales and marketing department. Questionnaire feedback was received 22.04.2012.

The last contributor to this thesis is Finnish based company Tulos. The questionnaire was fulfilled by Lasse Larvanko who is a technician and has several years of experience in SEO and online marketing services. He is the author of "Klikkaa tästä" book, which

is dedicated to online marketing (Klikkaatasta, retrieved 16.05.2012). The company offers SEO, PPC ads, social media marketing, conversion rate optimization and consulting services. Answers on the questionnaire were received 16.05.2012.

All these companies are typical representatives of online marketing and SEO services organizations. They provide similar portfolio of services on the international level. Naturally, these companies are differentiating themselves of rivals in particular way but share similar ways of revenue generation. Their readiness to contribute to this research illustrated their value of customer relationships building and openness to potential customers and communication. This indicates that these companies are worth to explore and the business model can be built on their basis. Moreover, these organizations have informative web sites which bring additional validity and reliability of information their employees provided in the questionnaires.

5 RESULTS AND DATA ANALYSIS

5.1 Empirical data analysis methods

Information provided by respondents requires to be analyzed with the following conclusion withdrawing. The process of data analysis consists of data reduction, displaying and conclusions retrieving. Reduction supposes selection and the prioritizing of information obtained from the respondents. The representation of selected data or statements into a structured form as tables displays it in the simplified way and allows building conclusions on its basis. Conclusion withdrawing illustrates the meaning of collected data for the research and aids to answer the research questions. These methods related to inductively-based analytics (see, for example, Silverman, 2010, 234; Ghauri & Gronhaug, 2002, 137-138; Saunders et al, 2007).

In order to answer on the first research question coding and categorization methods will be applied. Coding means categorization of text by particular features. As codes have to be selected code units which, for example, are statements, words or topics. (Sekaran & Bougie, 2009, 372-373) In our case, notion categorization was conducted by building blocks of the business model. Also, relevant statements were selected to accomplish a list of propositions regard business trustworthiness. Additionally, in data examination process was utilized content analysis. It is related to both primary and secondary sources of input data. Content of questionnaires, literature courses and company web sites were evaluated with the following selection of related to the research features. (cf. Sekaran & Bougie, 2009, 385-386; Silverman, 2001, 122) During this analysis were selected relevant categories and transformed into knowledge to present and describe the subject of the research.

Input data analysis is performed based on the questionnaire answers. In order to answer the first research question regarding construction of the SEM business model it was designed a questionnaire for virtual SEM companies. There were included 6 questions targeting to describe their business, whereas the first one is divided on 9 parts according to the number of constructs of Business model canvas. To provide reliable and verified data analysis the context of the web sites of the participating SEM companies was implemented. Data for the second research question regard trustworthiness was withdrawn from questions of communication with customers, revenue generation methods, customer relationship management and direct question "How do you show your trustworthiness to your customers?" The rest of inquires are supportive and designed to deeper the understanding of SEM business model attributes and companies business strategies. A question regarding opinion of the future of SEM is targeting to provide possible implications for the future studies.

5.2   Data analysis

5.2.1   Offer and Value proposition

The central part of the business model is an offer. In this research the offer is search engine marketing services. Services should be analyzed in the light of value it can create to the customer. The web sites of participants also were reviewed and analyzed along input data received from the questionnaires for construction business model block Offer or Value proposition. Web sites provide additional information of services comparing to brief answers on the question "What types of services your company provides?"

Value proposition means benefits that customers may obtain after services purchased. For example, it could be customized services that provide superior web design, higher performance of the service, its reliability, fulfilled work according to deadline and etc. Of course the understanding of the notion of value can be different from perspective of customers and service providers. However, as this research is conducted from the supplier side, the discussed value would represent the value that marketers are attempting to offer. There is a straight question regard the value in the questionnaires.

There was accomplished a list of value propositions and offered services. They are collected and categorized in the Table 3. Statements of the respondents were compared along selecting the similar ones. It can be concluded that online marketers mostly offer such services as Pay-per-Click, SEO, social media ads and consulting services.

Pay-per-Click management programs basically mean consulting and performing key words services. Companies provide information to clients which words to select for purchasing of search engines ads services. PPC allows bringing traffic to client's web sites via the search engines and niche web sites. (Devenia, questionnaire, 03.02.2012) Some wide-spread words in e-commerce are popular. These are usually simple words as, for example, "buy laptop" or "pet shop". Naturally, search engines charge more for popular words and the bidding price can be rather high. A role of search marketers is to select related but still relevant words for describing goods and services. One of respondent companies has provided an example on their web site, where rivalry words "kids toys" on the web page of a toys reseller could be replaced with the words "kid toys" or "toddlers toys" (Devenia, 2012). This practice is targeting users with specific requirements and still new statements content relevant words of the products description. Marketers can themselves perform bidding within scopes of customer budget. Key words consultancy is accompanied by related services i.e. development of the title page of customer`s web site, where the link from the search engine leads, or content improvement.

Table 3 Offer and Value proposition

Offered services and Value	Services: Pay-per-Click (PPC) management, SEO and ads on demand but not design Value: optimization according to search engine guidelines which would guarantee high rank; optimization of web pages to be friendly for search engines, increase traffic flow to customer`s site and following deadlines
	Services: Web design, brand awareness building, corporate identity, SEO and consulting services
	Services: multilingual optimization (more than 40 languages), Pay-per-Click management, social media advertisement and translation services Value: Satisfaction of specific requirements mostly in relation to language customization
	Service: Pay-per-Click management, Reputation management, SEO, Inner page SEO (link re-construction within web site); SEM professional consulting; Social marketing Value: monitoring of changes in brand reputation; in SEO charge of clients only when site reached first position in rank; constant monitoring of change on SEM; Multilanguage services
	Services: SEO, Pay-per-Click, usability improvements Value: online visibility and brand awareness improvements, relevant traffic increase and sale increase
	Management consulting, analytics, conversion rate optimization, PPC and SEO

Pay-per-Click campaign is beneficial for customers in a number of ways. The bidding is performed by professionals who monitor constantly changes in the "word market". Most of marketers are obtaining their payment only after client-web site reaching high rank. This type of advertisement is rather cost effective for customers.

Social media ads are gaining popularity with popularization of communities or social media as Facebook or Twitter based on Web 2.0 platform. Companies target to maintain their presence on the communities and stimulate customer relationships. Media are aiding in product promotion; brand awareness; distribution of product information; incorporating links to commercial web sites and etc. (Culnan, McHuh & Zubillaga, 2010) Managing profile and optimization of it to the media specific search engine could be a complicated task. Search marketers offer to perform this assignment as well as optimization of content presented on the profile.

Consulting services are the basic ones. They can be performed for free as a part of customer attraction strategy. However, some marketers related this service to Pay-per-Click consulting which was discussed early. (Go-Gulf, questionnaire, 25.30.2012) In our case, the consulting services are related to information providing in relation to organization of search engine marketing programs.

Conversion rate optimization (CRO) is exploration and data collection methods over what types of content and placed on the web information are able to turn users to customers. It is one of the web site promotion services. This service unites several tech-

niques that are dedicated to learning what features of a web site should be improved to increase sales. Among those techniques are optimization, web design and content improvements. CRO is closely related to optimization but, comparing to increasing visibility aim, it targets to boost users actions on the site. (King, 2008, 111-112) There many companies specialized only on this services performing. In our case, the only respondent has mentioned this CRO. (Tulos, questionnaire, 16.05.2012) It could mean that SEM companies often have specialization on particular services. The author of this study proposes to relate CRO to the SEO methods: it is a common term for design and optimization with a specific target, but it is still a part of SEO programs.

Apparently, the main service offered by all SEM companies is optimization. SEO Magnate (questionnaire, 28.02.2012) refers to it as to customization of customer web sites as per search engines guidelines which is supposed to increase web`s rank. SEO is a complex process. It requires utilization of different applications and skills to rearrange web site structure, links and content to improve its visibility. Web design frequently is associated with SEO. However, these services have differences in depth of access to the customer pages and of volume of the re-design work. (Devenia, questionnaire, 03.02.2012)

It can be assumed that advertisers share several similar value targets. Based on the questionnaire answers, their value perspectives can be generalized as following:

- Accurate searching optimization
- Traffic-flow enhancement
- Winning competition for the first rank positions according to search engines guidelines
- Increase of brand awareness and visibility
- Customization of processes required by customers.

Language customization is especially appraised as it allows meeting of specific needs of international clients. (SEM International, questionnaire, 14.03.2012) Due to that, an international employee team is a priority for online marketers.

Obviously, superior value for customers would mean effective marketing results in increased profit and honestly fulfilled marketing work. It can be concluded that markets understand these values and mostly put priority to obtaining marketing results in an accurate way.

5.2.2 Customer segment

Customers could be representatives of different industries, companies and business models (B2B, B2C and etc.) Author of this research supposes that customer segment is the same for all search marketers. It is a large segment that consists of any type of

online businesses. Marketers can only prioritize targeting clients as to serve small or large companies. Table 4 categorizes customers of the SEM based on the questionnaires answers.

Table 4 Customer Segment

Customer segment	Start-ups, small and medium businesses, virtual shops
	Start-ups, small and medium businesses, online shops, big companies
	Other marketing agencies that represent large and multinational brands
	All type of business and individual owners of web sites
	All types of online businesses
	All businesses with special focus on large companies

Apparently, search marketers target all types of the Internet business. However, the most frequent their clients are start-ups and small and medium companies. One of the participating companies mentioned their focus on:

> *Big companies and companies wanting to become big. (Tulos, question-naire, 16.05.2012)*

Interestingly, in some cases online marketing companies outsource their activities to smaller marketing companies (subcontractors). For instance, SEM International (questionnaire, 14.03.2012) notified that their customers mostly are other agencies which serve large multinational brands. Strategy of targeting this customer segment allows marketers to focus on their particular professional activities as optimization or coding.

Nevertheless it would be wise to generalize Customer segment to all parties engaged in e-commerce regardless their serving to sole web site owners, new businesses, small businesses or large companies. The generalization is due to possibility of SEM companies to work with all types of online businesses.

5.2.3 Channels and Customer relationships

Connection between customers and companies is performed via specific channels. In the Internet business marketing activities, distribution of services and communication are utilized through the network channels as well as customer relationship management. It engages customer to the tie communication on the before- and after-purchase stages of business relationships. Relationships target building brand awareness, attraction and retention of customers and communication. Channels are tools of implication of customer relationship managerial practices.

Generally, firms attract customers and aim to increase awareness of their brands. The same is applied to online marketing enterprises. They aim to maintain communication with potential clients. It is important for a marketing company to be easy to find on the

network as it illustrates its skills of increasing own awareness and providing access to client-web sites.

Channels are not only distribution of information and transaction enablers. Post purchase support is a significant point to commercial organizations. Customers have to be sure that their investment in marketing programs is secure and the partner marketer is trustworthy. After-sale support activity includes continuation of communication, competent solution finding and fast response. (William, 2012) Customers require immediate answers on their questions and firms have to satisfy fast this requirement to overcome their rivals. The fast response on the customer request provides additional benefits to the both sides of relationships and can be considered as a competitive advantage.

Channel is an important segment in Customer part of the business model. The summary of points related to the channel segment of this research is introduced in the Table 5 below.

Table 5 Channels

Channels	SEO to increase firm`s visibility on search engines, communications via e-mail and phone
	Communication via e-mails, personal meetings, phone calls via internet enablers
	Conferences among other marketing agencies, word-of-mouth, writing reports and articles
	Publishing articles and reports regarding experience and success examples, cooperation with big marketing companies
	Word-of-mouth, participation in SEM events and content publishing (blog and articles); own SEO and PPC
	Inbound marketing (own SEO, content, blogging and etc.)

Naturally, main services distributions channels are utilized via the network. To attract customers, e-marketing companies performs similar techniques they provide for their customer-web sites as optimization of their own pages to increase their visibility to search engines.

The representative of Devenia company (questionnaire, 03.02.2012) mentioned several rules they are following to attract and to retain customers:

- Do not force clients for relationships, its longitude is a decision of clients
- Keep good reputation
- Never force sales with pressure on a customer
- Never hide information from a client
- Clients bring other clients if they are satisfied with services
- Publish articles and participate in media portals to show company`s experience

One of the respondents is specified on working with other marketing agencies. They explain that to obtain customers they actively participate in SEM conferences and illustrate their achievements in the reports and articles. (SEM International, questionnaire, 2012) Publishing reports and articles that highlight the success stories is an important part in the client attraction process. According to the web sites of all participating respondents they lead active blogging. Blogging is a part of social media. It allows placement of recent activities and achievements as well as attracts traffic to the web site due to its variable content. Good example of blogging practice can be found on Tulos firm web site. (Tulos, retrieved, 28.02.20012)

Participation in SEM online communities is significant. These portals boost information and experience exchange between participants of SEM. As an example of such SEM community is widely recognizable Search Engine Watch. This community brings to the one place e-marketers who share their experience and at the same time increase their trustworthiness for other agencies and potential customers. On this portal articles, technologies overviews and advertisement of services are introduces. (Search Engine Watch, retrieved 05.03.2012) Articles and overviews publishers are SEM marketers who are interested in increasing their visibility on SEM environment via reporting their achievements to the public. Some marketers issue books dedicated to SEM (see, for example, Klikkaatasta, retrieved 16.05.2012). This expertise can be valuable competitive advantage as it illustrates experience and attitude of company employees.

In summary, the channels insight introduced by participants of this research are: their own optimization to be visible to the search engines, publicity in forms of articles, blogs and notes on specialized SEM communities and communication via e-mails, phones and personal communication in some extent.

Customer relationship management segment is closely related to Channels one, as this managerial practice is performed via the channels discussed above. Basically, relationship building supposes active communication with clients and their retention. Indication of proper politics in customer relationship management is satisfaction of client`s needs and requirement better comparing to rivals. Additionally, customer relationships are the part of company`s strategy. (Duygu & Sevcan, 2012) The summary of customer relationship concepts of the research respondents placed in the Table 6 Customer relationships.

Table 6 Customer relationships

Customer relationships	Monthly and weekly reporting
	E-mails, internet phone calls
	E-mail, phone calls, face-to-face meetings
	Contacts by phone, e-mails, social media
	E-mails, personal meetings, phone and calls with Internet applications
	Personal meetings, phone calls

Although some communication methods are similar to the Channels, here they introduce active interaction with customers. Communication techniques are directed on retention of customers and support of their decisions.

Reporting is an important communication method when parts are in the middle of common business. Sending reports means that company is not hiding information and openly illustrates how the budget is utilized. This method targets to increase trustworthiness of the marketing firm toward its client. One participant of this study that works with other SEM businesses has indicated the reporting system as a main communication method with clients. (SEO Magnate, questionnaire, 28.02.2012)

E-mail exchange or phone calls are not a channel in this case but a method of close communication. Personal meetings are part of personal sale marketing strategy. This means that SEM firms are engaged in big projects with significant budgets where interpersonal discussion is required. Personal meeting allows customers to observe intentions and performance of hired marketing company.

All mentioned above techniques are aiding in development of relationships between companies. Additionally, SEM organizations utilize close communication as customers require customized marketing services every other time. It can be summarized that customer relationship management of SEM firms is limited to tie communication via network assets and reporting system.

5.2.4   Key resources

Resources play the main role in any business organization. It is infrastructure to the business processes and fundamental parts that support business activities. Resources are introduced in forms of intellectual resources as knowledge, skills or experience as well as in forms of tangible assets as buildings, offices, technological assets and etc. Also resources considered as technological platforms or software.

Resources are variable according to the company`s nature. In our case, digital companies require mostly resources they allow running of their digital business. Naturally, key resource here are software, applications and network enable devices as well as skills and knowledge.

Table 7 Key resources

Key re-sources	Employees, software, network enable assets
	Staff, computer assets, software and physical assets (as offices and appli-ances)
	International staff, communication assets, communication and campaign tracking software and offices
	Staff, offices, communication and computing devises
	Staff
	Staff and computing equipment

From the Table 7 it can be concluded that variety of resources is quite limited for digital SEM companies. Apparently, the most required resource in this business is em-ployees.

> *Our most valuable resource is our experts. (Promodo, questionnaire, 22.04.2012)*

Employees represent knowledge and experience on which the virtual business is based. They perform technical utilization of applications and optimization of web pages. High rank achievement often depends on employee` skills of optimization.

Software and applications are main tools of the performing key business activities. Of course, without network whole online business would not be able to function. There-fore, computing assets and software resources are significant as well.

5.2.5 Key activities

A company performs activities to run its business and obtain financial benefits. On the market of online marketing services the main activities are development of the services and their marketing. Although promotion and distribution related to other parts of the business model, production of the offer (or service) is a part of infrastructure.

Participating in this research companies described their key business processes, which were summarized in the Table 8 Key activities. Perhaps the best characteristic of key activities was offer by one of the participants. This statement represents target of all SEM main activities:

> *We make sure that our clients grow and are profitable. (Tulos, question-naire, 16.05.2012)*

Table 8 Key activities

Key activities	SEO service production
	New technologies incorporation in SEO (development and utilization of new applications)
	SEO services, PR management, ad campaign management, key word R&D, content creation
	Link building, traffic analysis, Pay-per-Click management, creation of content
	Promotion of online businesses with basic value propositions (SEO services)
	Client serving

General activity to all SEM service providers is search engine optimization. They apply improvements on the web and links structure to increase web site visibility. Key words research is also an important business process. It is significant to monitor constant changes on the "word market" and shifts of search engine algorithms. The knowledge regarding word popularity is able to perform effective promotion to the highest rank. Key word research allows utilizing consulting services and organization of Pay-per-Click management programs.

Interestingly, not many marketing companies develop new applications. The only respondent, which mentioned development of new technologies, is engaged with business with other marketing organizations. (Go-Gulf, questionnaire, 25.03.2012) It can be concluded that SEM firms utilizing similar business processes which are not highly innovative. They differentiate themselves on the basis of service production performance and responsiveness to the market changes (for example, on the "word market"). Their innovativeness is incorporated not so in technologies but in skills of utilization existing technologies. Development of new applications is a priority of companies that are related to bigger marketing companies. This additionally illustrates the difference between companies that serve to users of the networks and firm that serve other marketers.

Content creation is usually applied in case the owner of a site cannot provide sufficient content to increase pages visibility. Optimization is only manipulation of the parts of the web site. However, content still remains the most significant point of attraction for users and the search engines. (Handley, 2012) Some new participants of the e-market are not sure how the content should be organized and what should be included there in order to attract search engine crawlers to their pages. Marketers based on their experience and knowledge of the market can create sufficient and suitable content.

Service production for SEM companies supposes their basic optimization activities and Pay-per-Click services. These two activities are general notion for many different technical processes performed to provide the services. In summary, key activities that search marketers perform are SEO and Pay-per-Click management, research or monitor-

ing on changes in search engines and "word market", content development and, in some extent, development of new applications.

5.2.6 Key partners

Relationships with business partners are included in the infrastructure block of the business model. Partners cover lack of resources and share business risks. Chituc et al (2009) states that online business collaboration is based on communication and information exchange between participants of the business. Partnership is built on the premises of shared resources or business activities, enhancing quality of offers and saving costs and time on business activities.

Table 9 illustrates possible partnership connections of SEM companies:

Table 9 Key partners

Key partners	No partners. Company works directly with clients
	Some subcontractors that are utilized in case of overloading or to cover required specific skills to produce particular service
	The company itself is a branch of Webcertain Group Ltd. Webcertain is a SEM company. (Webcertain, 2012)
	No partners
	Web development and design companies; software providers
	Outsourcing what is not core business activity

In online business the partnership is an easy option to due to efficient technological possibilities of network connections. However, the differentiation originates not so from technological and service production powers but from employee skills and fast responsiveness to the changes on the market in search marketing business. Naturally, representatives of this marketing type are relay highly on their own skill and achievements.

According to their web sites, SEM companies have offices in different countries. This allows them to obtain benefits of location (cf. Peng, 2006) and perform business activities on different languages which bring them closer to the customers. It can be concluded that organization structure of these companies represent a closed network united under one managerial system and service production logic. Service production, in our case, is the delivery of search marketing programs to the clients.

Apparently, optimizers are avoiding partnership. It can be supposed that they value their internal business logic and technological skills. At the same time, outsourcing of some activities can be utilized. However, obviously companies are engaged in outsourcing relationships (i.e. aid of freelancers) not in pursue of innovativeness but rather to support routine business activities. Go-Gulf firm (questionnaire, 25.03.2012) highlighted that they recourse to the aid of subcontractors in case they lack of particular skills or

overloaded with orders. Tulos (questionnaire, 16.05.2012) indicated that they outsource their not core activities.

Outsourcing can be a source of innovations on the different levels: operational (basic service production activities), business processes (undermine main processes of the company and directly influence on overall business) and strategic level (tie cooperation and mutual reliance of business activities of the partners). (Weeks & Feeny, 2008) Presumably, search marketers are satisfied with operational level partnership. However, one of the respondents is a constant subcontractor of a large marketing company. (SEM International, questionnaire, 14.03.2012) Which means this firm is in partnership relationships on the strategic level.

Another respondent stated that they cooperate with web design and software producers. These partners redirect their clients to the search marketing company if it is required. (Promodo, questionnaire, 22.04.2012) Companies receive mutual benefits out of this cooperation: marketers obtain clients and other agencies provide additional support and services for their customers. Naturally, the trust is an issue in this cooperation. Software producers and design developer have to be sure in the company to which they redirect clients.

Summarizing partnership options, it can be assumed that SEM firms in most of cases to do not utilize services of partners or turn to them in case of needs of increasing operational powers. However, firms could be partnered with other SEM companies on strategic level. Not deep partnership is possible in redirection clients in case the additional service of SEM experts is required.

5.2.7   *Cost structure*

Fundamental structure of any business model is based on costs. In relation to economical processes of a company, costs are expenses on business process or overall value of running business. These costs are acquired from revenue. Usually, costs are divided on fixed cost and variable ones.

Respondents of this research expressed their opinion regarding cost structure of their companies. They were asked to determine the most costly assets as, for instance, salary, rent of building costs, expenses on software developments and etc. Also, they had to imply if the expenses of service production are changed along the shift of volume of produced service (fixed cost vs. variable cost). Answers of the respondents are collected in Table 10.

Table 10 Cost structure

Cost structure	Most expenses are directed to salary payment. Cost of service production varies according to service options
	Highest expenses are salary and office rent. These expenses not changing dramatically but cost of service production changes depending on its complexity
	Most expenses are salary and rent
	Salary, online connection assets, web hosting, domain names, phone system and etc. Salary is the highest value. These expenses are mostly fixed
	Salary and education require most of expenses
	Salary

According to answers of the respondents, costs of SEM firms are not very diversified. Most of their expenses are directed to salary payment and rent of tangible assets. Tangible assets notion generalizes expenses on rent of offices, network providing, connection devises, computing equipment and etc. Rent of office was indicated as the highest costs of tangible assets. These assets enable performance of basic business processes.

Salary payment is considered as most important expenses due to SEM business key resources are generally employees. Payments are changed according to the work performed. In relation to the main business activity as service production the costs are variable according to complexity of assignment of the service development. (SEM International, questionnaire, 14.03.2012). Investment in education of SEO experts is a valuable activity. The company that invests in updates of employee's qualification is investing in its own development. (Promodo, questionnaire, 22.04.2012)

Client payment depends on needed marketing programs. Naturally, search marketing services can require particular time and effort. Additionally, search optimization is customized service which means that it cannot be performed automatically. These features of the service differentiate the price. By exploring the web sites of the participants it was indicated that they offer packages of services that have different prices according to customer needs (see, for example, Devenia, 2012).

Cost structure block of the business model summarizes most basic firm`s costs. In our case, they are salary and tangible assets of which rent consumes most of expenses. These costs are mostly fixed cost. Expenses on service production and salary payment are variable.

5.2.8 *Revenue streams*

Online marketers sell services. Their revenue flows from payment of customers for marketing programs. Revenue is the target of any business. There are several possible ways of obtaining revenue in e-commerce. In relation to search engine ranking, as it was already discussed, in most of cases customers pay when their link on the web site reaches top of the list. SEM services are usually customized, wherefore price varies according to the marketing targets. Other related offers of marketing, that do not require much customization, mostly have fixed prices.

Offered services for which marketers obtain profit were discussed in the chapter Offer and Value proposition. Naturally, the profit flows are based on the performed services and their quality. However, some features of revenue streams could be different for every organization. Overview of the revenue streams of SEM firm representatives is included in the Table 11 Revenue streams:

Table 11 Revenue streams

Revenue streams	Fixed payment for period of time for services, price is variable according to customer needs and requirement
	One time sale plus late upgrades of the service if needed; prices mostly fixed; in case of more service required, discount can be offered
	Revenue for projects and price is fixed; fixed payment for period of time for services; price can depend on the complexity of the work and required time to accomplish service delivery
	Monthly payment, charge is performed only is case the link reached first position in the pages rank; price is negotiable and once agreed is fixed.
	Monthly fee plus additional product costs if they are agreed with a customer. Prices are variable according to goals and complexity of projects.
	Fixed monthly fee with some bonuses

SEM participants offer advertisement and promotion; therefore they obtain revenue for advertisement campaigns implementation. Revenue is frequently based on service performance. SEM prices are mostly fixed for the customers. Income of firms is based generally on 1 time payment for produced services. At the same time, payments can correlate according to time frames and projects features (Promodo, questionnaire, 22.04.2012).

Main benefit in e-marketing service is that payment is charged after reaching results of marketing campaign. One of the respondents emphasized payment withdrawing after the highest rank reaching as one of their competitive advantages. (Devenia, questionnaire, 03.02.2012) Negotiation over the prices is a vital part of SEM as the services are customized. Agreed price is constant. However, in case customers wish to continue cooperation with marketers, they are able to obtain discount on services. (Go-Gulf, questionnaire, 25.03.2012)

SEM companies are performing updates of their service if they are required. This adds positive attitude to marketers as this means after-sale support of clients. Post-sale support is able to fortify revenue flow and it also adds value to the offers. For some additional service could be charges extra payment which was agreed with customers (Tulos, questionnaire, 16.05.2012).

It can be assumed, the customer support and the principles of price formation indicate that e-marketing organizations are interested in building customer relationships. This intention is incorporated in the revenue generation system.

According to the questionnaire answers most of SEM enterprises settle fixed costs. This practice can be explained as the following: SEO experts are not sure if their recommendations and attempts will be implemented properly by customers; therefore, they obtain fee for strictly agreed developed services or monthly payment for consulting. Marketers can spend time and efforts on marketing programs but the customer can not to be able to incorporate the results. (Spencer, 2011) Eventually, this will lead to the low performance of SEM services.

Options related to the revenue streams building block can be narrowed to the payments for service performance and marketing campaigns. However, it should be clarified that for customized services payments are negotiable and can vary according to requirements but it is fixed after the agreement over the costs is reached. Some services, as consultancy, have fixed prices.

5.2.9 SEM company size and endurance in business

The scheme of the business model cannot fully explain specifics of particular business. There should be considered the experience of participants, their number and differentiation of rivals in the representing of some commercial activities.

Longitude in the business indicates firm`s experience in commercial activities and trustworthiness to potential clients. The number of participants or employees and their location is significant for estimation of the size of the business and level of its internationalization. Differentiation is an important strategic factor for many business models. Difference from competitors illustrates how the company is able to over-perform their rivals or simply how they are different from similar businesses. Differentiation often aids in customer attraction. Usually, differentiation is base on prices and quality of products and services (cf. Peng, 2006).

Online marketers produce similar business activities and sell similar services. Although it is difficult to differentiate themselves from the rivals, they still utilize their experience and management to deliver superior value to customers comparing to their competitors.

In order properly recover characteristics of the SEM business, the respondents were asked regarding time of their participation in e-marketing business and number of employees engaged in the organizations. Their responses are included in the following Table 12 Years in SEM and a number of employees.

Table 12 Years in SEM and a number of employees

Years	5	Number of em-ployees	10
	(Since 2005) 7		10
	(Since 1998) 14		160
	(Since 2007) 5		6
	(Since 2004) 8		76
	4		20

The amount of years in the business in particular way indicates demand on search marketing services. Logically, if the organizations are engaged in SEM for the long period it means that their service is required and profitable. The number of employees represents the size of the company. Author of this research believes that production of search marketing campaign does not require many participants but rather their skills. However, small number of employees rarely is able to face high volume of customer orders. Of course quantity of firm`s members is not an indication of firm`s success on the market.   Members of the firm share operations responsibilities. Amount of employees could indicate level of internationalization of the organization in case with SEM companies. Often, being local means language knowledge and sometime physical presence in certain country. Frequently, SEM companies are run by international teams, members of which are located in different countries.

Definition of small business is presented differently in various literature sources. Mostly its difference is depending on country and region. In general, micro- and small business could count from 1 to 20 employees (Yesseleva, 2012) or until 500 employees at most (cf. Peng, 2006). Nevertheless, according to any characterization of business size SEM companies can be related to small businesses.

According to questionnaires, only in one case the number of employees estimates more than 100 people. It is worth to notice that this organization is divided on smaller branches and the participant of this research is one of its brunch-companies. (SEM International, questionnaire, 2012) However, how many employees engaged in this branch remains unknown. Another respondent accounts 76 employees. This company established offices in Russia, Ukraine and the UK. (Promodo, questionnaire, 22.04.2012) It is a bright example of international network company.

Apparently, participating in the study companies have at least 5 years experience in SEM business. This could mean that companies have well established positions on the market and wide experience in the marketing businesses. Also, engagement in SEM for

the mentioned period highlights constant demand on marketing services and its profitability as the companies are interested to continue its participation in online marketing.

Interestingly to notice, that companies with smaller experience in SEM business are having high expectations on the future development. The respondents were asked the question "how long are you in SEM business?" There was one answer:

Been 4 years, will be for very long time. (Tulos, 16.05.2012)

5.2.10 Differentiation

Differentiation is an important part of the business model and overall strategy. This perception indicates how the company is different from its rivals and what sort of superior value it can deliver to customers. It is a strategic option. Based on the different features of the offerings, customers select one company over another.

The most wide spread differentiation attributes are price and quality of products or services. Differentiation by costs usually supposes lower prices comparing to rivals. Whereas differentiation by quality means higher quality of the offers or additional value of goods and services that a company is able to deliver to its clients.

It is assumed, the participating in this research companies well aware regarding their specifics comparing to rivals. They were proposed to answer on the question: how do you differ from your rivals? The summary of their differentiation characteristics is introduced in the Table 13:

Table 13 Differentiation

Differentiation characteristics	Cost and service quality
	Accurate development of services, following standards, honest business leading
	Centralized management for efficient campaigns; cost of campaign is the same for any country and reasonable prices
	Global company with variety of resources; skilled in social market (social network ads); constant monitoring of search engine algorithms; work with authoritative web sites, which increase client`s web site visibility for search engines; following standards of search engines and avoiding unethical techniques; low price and no hidden cost
	Utilization of complex solutions for online business development (set of marketing programs rather than separated tools and methods)
	Responsibility and fulfillment of promises

It is possible to conclude that SEM marketers produce superior value with quality of their services and low price. Three of the respondents answered that their competitive-

ness is built on the lower costs of services. One of the respondents, whose clients generally are other marketers, focused on proper service development and innovations. This means they create value on the development stage of the service production. Another respondent is dedicated to sale-oriented approach with utilization of suitable Internet tools. (Promodo, questionnaire, 22.04.2012) The last participant stressed their responsibility and care over the work performed (Tulos, questionnaire, 16.05.2012). This relates their differentiation to the focus on service quality.

Interestingly to notice, one of the respondents finds their differentiation in centralized management system. They explain it with effectiveness of marketing campaigns leading which are often international ones. (SEM International, questionnaire, 14.03.2012) The same marketing campaign can be utilized in different countries but on other languages or modified to the specific region.

Although the management processes of SEM organization is not a main topic of this research, it is worth to mention general managerial characteristics that could be applied to online marketers. SEM firms are usually small organizations. Therefore, coordination mechanisms are quite simplified within these organizations. Basically, management and coordination it is how the business process are coordinated and managed. Douma and Schreuder (2008) discuss 6 organizational configurations and related to its type coordinating mechanisms. In the author`s of this study opinion, there are discussed several types that possibly fit to the description of SEM organizational structure. The first one mechanism is an entrepreneurial organization configuration. It supposes the simple rules of entrepreneurship and leading of the business. It is typical for small and simple organization with flexible structure within dynamic environment. Informal governance is frequently applied to this configuration. The second type is professional organizations which apply work of highly trained employees and require their creative attitude towards business processes. This type fits well to the online marketers as their services often are customized and require analytical and technical skills. Innovative organizations enjoy mutual adjustment in coordination between employees. By its definition, this type fits to the organizations on computer market or ones engaged in e-business. This means tie collaboration between employees of, for example, marketing and service production specialists. This coordination is a prerogative for small organizations as it aims to support innovativeness. Missionary organizations share similar ideology or norms whereas coordination is applied on their basic. It is difficult to conclude if this type of coordination is suitable to SEM firms. However, according to the answers of participants obtained from the questionnaires, it is clear that all of them have similar attitude regarding business performance. For instance, to the similar norms could be applied orientation on service quality or the following open and honest relationships building with customers. (Douma & Schreuder, 2008, 47-56)

The rest two types, in author`s opinion, are not suitable to SEM coordination mechanisms. They are machine organization coordination (related to organizations with standard processes and routine of production) and diversified organizations (usually big companies which are present on several markets or producing wide variety of products or services). Online marketers usually provide customized services and not large amount of diversified services.

In summary, differentiation of search engine marketers is based on cost and quality of the services. Cost efficiency allows customers to receive higher value for comparatively lower costs. Quality of services includes technical efficiency of software applications and obtaining marketing targets.

5.3   Business trustworthiness

Participation in this study companies presented their vision of trust and how they obtain it from the customers. However, conclusions should not be withdrawn only based on direct question regarding the trust. There should be also included supportive information related to basic business activities and the style of their leading. Moreover, in this study a representative of search engine portal is participating. He brought specific insight on SEM business from the side of search engines as business units. This approach is significant as search marketers and engines are directly connected.

Methods of building trust of marketers are collected in the following Table 14 Trust building. They are statements provided as answers on the question how companies show their trustworthiness to their customers.

Table 14 Trust building

How do you show your trust-worthiness to your customers?	Reputation and list of clients
	Standards, honest and sincere operations
	Paper contracts and reputation
	Reputation, brand building and no upfront fees
	Portfolio, reputation, customer feedbacks
	Reputation and portfolio with cases

Most of respondent pointed on importance of reputation of their companies. Reputation is explained with positive result of economic activities and trust of customers. Frequently it is connected with financial impact of organization activities. Reputation is a part of strategy and influences on business development. (Jarmon, 2009) In our case, it can be concluded that the reputation of the respondents is based on their informational openness to customers, communication, user-friendly structure of own web sites and communication. Even the participation in this research is an indicator of their interest to

built reputation as it shows firms readiness to communicate and openness of their information. Additionally, good reputation is a source of differentiation from rivals.

Famous brands in service portfolio are a sufficient mark of respectful company. Naturally, if these company were engaged in the business activities with these marketers it means that marketers are worth to consider for business cooperation. For example, Go-Gulf firm, one of the study participants, represent wide variety of companies and brands they worked for on their web site. (Go-Gulf, 2012) This information is open and potential client can easy evaluate marketer`s portfolio. Promodo SEM firm also mentioned the exposition of portfolio as a method of trust building (Promodo, questionnaire, 22.04.2012). Another benefit of well known brands in portfolio: according to specifics of SEM link building techniques marketers are able to connect different web sites by links so the crawlers would consider these sites trustful and place them to the top rank of Organic search list. It is significant for less known brands to raise their visibility for the cost of connection to the web sites of known brands with high popularity. Of course all these manipulations have to be performed with agreement of participating firms. In other case it would be considered as a spamming technique.

Contract and reporting systems are important to illustrate trustworthiness and openness to the clients. Paper contract is possessing higher reliability than simple non-official agreement over the services order. However, SEM is a global business. Some virtual companies have no physical presence in particular regions and, therefore, they could be on the long distance from their customers. In this case, clients can relay only of feedbacks of other customers and honesty of SEM firms.

Quality of web sites of marketers is in important factor that influence on customer decision to cooperate with SEM firms. Web sites of respondents are well designed and provide necessary information for customer consideration. They explain the meanings of search marketing programs and provide full contact information. An important indicator of trustful company is its legal registration. Companies prove information of the copyright and their belonging to particular region at the bottom of the web sites. Of course the companies serve global market, but their copyrights can be checked and in case of issues easily identified.

Trustworthiness is incorporated to Revenue streams and Customer relationships segments of the business model. It was already discussed how marketers obtain revenue and related issues to communication with customers. Price and methods of payment are negotiated before engagement in business relationship. One of the respondents highlighted that they do not obtain any payment before the project beginning but only for the successful results of their marketing programs. (Devenia, questionnaire, 03.02.2012) Naturally, clients would trust more to the organization that oriented on high performance.

Communication is a vital part in the business relationships building. Reporting system even in form of e-mails or digital documents support customer`s trust in proper performance of marketers. Close communication indicates informational openness. In order to improve communication SEM companies frequently run their blogs that keep customers aware regarding their innovations and performance. For example, one of the questionnaire respondents utilizes such blog on their web site which is updated almost daily. (Devenia, 2012) They introduce information regarding search engine marketing with explanations and examples of success. This information is especial aiding for potential customers without experience in SEM relationships.

A number of years in marketing business also influences on customer`s selection of marketing company. It could be considered that the longer a firm in the business the most experienced it is. However, it still does not mean that employees of this company possess necessary skills for certain marketing program. Perhaps the best method of skills evaluation is the number of articles and participation in the marketing communities of the marketers. Scientific approach and willingness to share experience indicate that company members are interested in their work and innovations.

The participant in this study, who represents the Yandex search engine portal, provided some insight over relations of optimizers and search engines. Basically, questions of the questionnaire were designed to collect information over search portal perspective of SEM firms and their vision of SEO reputation.

85% of Yandex revenue is received from marketing service of context ads which is similar to Google`s one. This search engine has over 60% of Russian market share (Chupira, questionnaire, 01.02.2012). No wonder that local search engine marketers would be interested in optimization for this search engine. Yandex.ru engine operates on the global level its main services are targeting Russian language users and customers.

The representative of the Yandex explains that drawing direct line between SEO practices is rather difficult. It is clear that search engines can function without search marketers but marketers cannot operate without search engines. In opinion of the respondent, consulting services, i.e. regarding key words, for profit is hones business. (Chupira, questionnaire, 01.02.2012) However, if the marketers utilize their skills for unethical manipulation and avoid rules of search engines this practice should not be encouraged.

In relation to negative impact of SEM firms to the search engines, marketers are able to create incidents that could cause some damage but not always financial and within short-term period. Search engine portals well concern of unethical SEM techniques. (Chupira, questionnaire, 01.02.2012) Interestingly, search engines consider these practices as push-factor for developing and improving its algorithms. Basically, this means that SEM influences on quality of search engines services which creates benefits for

users. Search engines do not pay much attention to SEM and their organizations except on technological level. Search engines only obtain additional stimuli for their improvements on the basis of optimizers.

It can be concluded that SEM as a business is not negative phenomena from the search engine portals view. Companies that care of their reputation utilize ethical techniques. Unethical methods of business leading could be performed by any commercial organization even on traditional market.

Trustworthiness of the company is a strategic asset and depends on the attitude of company`s employees to the business. Main components of the trust on SEM are grounded on their web sites, previous customers experience, revenue generation streams, customer relationships, reputation and a number of years of experience in the business. Following search engines rules and standard of optimization is an additional indicator of trustworthiness of the search marketers.

6 DISCUSSION

6.1 SEM business model representation

The first research question of this study is targeting to accomplish construction and formalization of the business model of the search engine marketing firms. In order to simplify its representation the business model is based on Business model canvas. Canvas consists of building blocks that illustrate the most basic parts of business activities. These business processes, in general, are fundamental components of search engine marketing companies that are discussed in this research.

According to data provided by participating in the study companies and its comparative analysis (where answers of respondents where compared and filtered by their relevance to each other) the business model can be designed. In order to formalize it, selected statements should be filled in the blank building blocks of Business model canvas. Therefore, the final SEM business model is presented in the Figure 7 SEM Business model.

Data in the blocks of the business model are generalized to the selection of similar statements. For instance, notions of the services or marketing programs include a wider variety of related services, techniques and processes. The generalization is performed in order to categorize marketing services to the more narrow scopes.

Value proposition stays not only for offered service but also for value that companies are able to create for customers. Values that search marketers can deliver are honest fulfillment of assignments, high quality of services, fast reaching targets of marketing programs and following ethical techniques.

Right part of the business model is dedicated to customers. Customers segment is quite transparent for SEM firms. Before this study conduction the author of this thesis assumed that most frequent customers of SEM firms are start-ups, small and medium businesses. However, this research indicated that online marketers are able to serve all types of online commercial organizations regardless their size and specialization. Therefore, search marketing serve in general B2B segment.

Channels of customer attraction are narrowed to own optimization to the search engines. It is a valuable indicator: if search engines are able to place marketer`s web link to the top rank this means that this marketer possess necessary skills of optimizations. Participation in communities dedicated to e-marketing and publishing articles or sharing experience are options that highlight marketer`s interest in this business and proper attitude toward its work. This openness to customers and other e-marketing participants plays a role of promotion.

Key partners:	Key activities:	Value proposition (Offer):	Customer relationships:	Customer segment:
Freelancers or subcontractors	search marketing services, key word marker research, ad campaigns management, development of new applications	PPC, SEO, consulting and social media ads	Communication via reporting, e-mails and phone calls	All types of online businesses
	Key resources: Employees, software and applications (including web sites) and the network		Channels: Search engines, publicity, SEM communities	
Cost structure: Salary, rent of tangible assets			Revenue streams: SEM services and campaigns, consultancy	

Figure 7 SEM Business model

Customer relationship is an important part of the business leading. It can be concluded that marketers boost communication with customers in order to illustrate their trustworthiness and performance. Reporting system, consultancy and post-sale support are significant components of customer relationship building.

Key activities represent basic business processes which the company performs. In our case, among activities there are not only marketing service production and service delivery. SEM business processes also suppose research over market changes, for example, changes of search engine algorithms and key word popularity. Rarely, companies are engaged in development of innovative applications for SEM agencies.

Main resource in SEM companies, naturally, is their staff. Skills and knowledge (intangible resources) are fundamental for SEM business. Related tangible assets as offic-

es, computing assets or network enabling technologies are rather supportive items in this business. According to the respondents, costs of tangible assets are mostly fixed. Variable costs can appear in case of production of customized services.

The last building block of the model is Revenue streams. Revenue is a target of any commercial activity. Naturally, profit is obtained from marketing programs in the marketing business. In generally, search engine marketers withdraw revenue from their service performance and consultancy of customers.

On the basis of provided information of the study participants it can be concluded that a number of SEM firm employees are rather variable. Data of respondents support assumption of the author of the study that SEM firms are typical small businesses.

Differentiation is incorporated to the business model. Search engine marketers share common believe that they are able to overcome rivals on the premises of costs and quality of services. Most of the respondents consider that their costs are relatively lower comparing to competitors. At the same time, they have different insight on the quality of services and marketing programs. Some of them pay more attention to quality of applications. Others are rather dedicated to reaching top rank of Organic search list. The level of customization of the service as, for example, the translation to other languages grants additional benefits of customer attitude formation. Building customer relationships is also part of differentiation. Openness of the information to the customers indicates hones intentions of SEM companies.

6.2 Trustworthy SEM practices

The second research question is dedicated to explanations how the SEM companies should lead their business to remain trustworthy for customers. Negative attitude regarding e-marketers is based on annoying advertisement, misleading manipulations techniques and etc. Following search engine guidelines is not always able to increase web site visibility. Therefore, some marketers utilize a wide variety of popular techniques to cheat on search engine algorithms. Even although these techniques could lead to inclusion to the "black list" web sites of the search engines some marketers continue to perform those methods to obtain short-term revenue.

Supposedly, commercial web sites should not apply optimization services at all. However, web designers are focused mostly on web structure and do not necessarily possess skills to construct a search engine crawlers-friendly web site. Additionally, specialists of SEM have knowledge over e-market changes. They are able to bring traffic and promote web sites more effectively than common users. It is especially important to start-up companies which are new on the Internet market. Crawlers pick up to the top popular and well-constructed web sites.

Marketers are able to promote any new-born company on traditional market. The only matter is costs. The same practice is applied on the e-marketing environment. The only difference is that search engine marketing requires lower expenses on e-marketing programs. Cost per online marketing programs explains popularity of SEM. It is worth to notice, that one of the participants in this study predicted that SEM marketing will growth on 20-30% within next year or at least 3 years. (Tulos, questionnaire, 16.05.2012)

Basic principles of the leading trustful business of SEM are quite similar to any commercial organizations ethics. In brief, on the background of this research there was accomplished a list of statements how SEM companies can perform their e-businesses and stay trustworthy:

- Follow search engines guidelines of optimizations
- Avoid unethical methods and techniques in marketing services
- Design clear and user-friendly own web site with full information over services
- Engage in open communication with customers
- Build own awareness by participating in specialized communities and publicity
- Provide post-purchase support
- Build reporting system which is part of communication
- Provide a list of served customers and their feedback if possible
- Implement honest payment system that should be based on reaching targets of marketing programs and avoid hidden costs
- Build reputation.

The list is accomplished in a form of simple rules. Even though they are quite obvious following of simple rules is the best strategy in dynamic and fast-changing environment. The Internet market is exactly this type of environment.

6.3 Limitations of the research

This work narrows exploration of online marketing to the companies providing SEM services. It is dedicated to SEM business processes and their basic characteristics. There were obtained several answers on the questionnaires as empirical data input. According to obtained statements there were detected similarities among all participating in the research companies. However, increased number of online companies and respondents still could improve amount of collected information and, therefore, results of the research.

Interviews conduction methodology could be more effective for communication with companies. This method of data collection would aid in the building more valid business model of SEO businesses. Additionally, personal interaction would assure that respondents clearly understand the questions. Increased number of respondents out of one per company could provide additional verification of empirical data.

In general, although most of SEM companies share similar characteristics it still can be concluded that slight correlations in the model`s blocks are possible. Unfortunately, this research is based only on distant correspondence by e-mails. Access to documents of the companies in question would prove more reliability for this research. Instead of it, it is only possible to employ information of organizations placed on their web sites and to relay on honest answers of the respondents. At the same time, related information of the secondary sources is capable to support the understanding of some provided data and verify it at some extent.

Although several answers of respondents are similar to the information placed on their company web pages, some offered data is impossible to verify as, for example, honesty of competition strategy. Differentiation from rivals could be based not on reported features of business processes but on unethical techniques of optimization and traffic attraction.

Another issue in relation to the research validity is proper data analysis. It can be only suggested that data was categorized and displayed in an accurate way. Although, as there were no found relevant theories regarding SEM business models we should relay on analysis configurations applied to this work. Further research is required to test or verify designed business model as well as practical application of accomplished trustworthiness recommendations.

7   CONCLUSIONS

7.1   SEM organizations and business trust

Financial and economical recession within recent years directly influenced on closing of many business units. At the same time it brought opportunities for revision of business activities and conquest of new markets for survivors and new companies. Most of businesses in the modern time are oriented on e-market environment due its low operational costs and access to the global market.

Increase of business activities in the after crisis period offers stimuli of development start-ups and innovative businesses. This means that demand on marketing, and especially e-marketing programs, will be enhanced. Search engine marketing is a vital part of business promotion. Author of this study believes that demand on this type of services will be corresponded with development of search engine portals and further movement of commercial organizations to the network. This research targets to close a gap in knowledge regarding search engine marketing as a business organization. Optimization is mostly viewed as a technical possibility of web pages redesign. However, this term unites several activities directed on e-marketing programs implementation. It is a general service of search engine marketing businesses. Online search marketing supposes utilization of a set of techniques applied to attract traffic and to raise visibility of client web sites. SEM programs results have to be reflected on increasing of sales and, therefore, profit of customers. There are many evidences regard SEM benefits for businesses. However, the perspective on SEM as a commercial organization is often omitted. Additionally, the logic of SEM processes is limited to technical solutions for other businesses.

Author of this research attempted to present search marketers as commercial organizations with their specific business processes. SEM offers fully digital services, and marketers are international organizations with their particular business models and related attributes. This business is based on skills and knowledge of marketers and technical possibilities. It allows us to consider SEM as a knowledge-intensive industry.

This study indicated that SEM related to small business organizations. They have similar marketing targets to reach for their customers as: promotion of web sites, placement on the top rank of search engines, selection best suitable key words for client web pages and etc. The constructed business model represents generalized SEM business processes. Although SEM organizations are similar in some extent they utilize wide variety of techniques and methods to perform their economical activities. SEM business model is dedicated to explanation of such phenomena as the search marketing, illustration its variables and their interconnections. Differentiation, or methods of over-

coming rivals, is straightly connected to the model. Based on this study, it can be concluded that differentiation of search marketers is maintained only on costs and quality of their services. This notion indicates their similarity of business performance. SEM organization should search for new methods of obtaining competitive advantages.

Unethical techniques and methods utilization has cased negative attitude regarding SEM. Previous researches are focused on common business ethics and trust of e-commerce. Also, there are discussed most common unethical SEM manipulation techniques. The combination of these perspectives was applied to highlight additional commercial possibilities for SEM organizations. The accomplished list of trustful business ethics is directed to show SEM companies the benefits of truthful business expertise. Among advantages of the hones business lading are reputation fortification, long-term economical benefits and positive image of SEM industry which is able to increase demand on its services.

The author supposes that SEM business model will continue to develop and to complicate its structure along development of e-market and the appearing of new network possibilities. Search marketing will become an integral part of any marketing program.

7.2   Managerial and theoretical implications

The author assumes that this study is able to provide interest not only to SEM customers but also to the marketers. For the customers it offers insight on SEM business process and their possible usefulness to online promotion. Based on the findings marketers are able to evaluate their business models comparing to the SEM business model designed in this research work. This practice would bring understanding of organization formation and business processes. In this study there are presented benefits of business trust and how the company should contact its business to remain trustworthy. Advantages of the trustful business leading are targeting to highlight their commercial possibility of practical implementation.

Several participating in this research organizations were interested in receive research findings. Apparently, the study is able to deliver practical benefits to SEM business organizations. Also, the findings would be especially useful to start-up SEM companies. They could apply the accomplished model to organization of their business which would save time and efforts on development basic capabilities and strategies.

Theoretical background of this study consists of the review of technical and related to business literature. It was discovered that business model or formal presentation of SEM companies business processes is not cover in full extent. There is little known regard organization of SEM businesses in spite that their technical attributes are well discusses in various literature sources. Previous studies are focused in general on evalua-

tion of SEM effectiveness; unethical manipulations form the technical perspective and benefits of SEM to other businesses on the Internet environment. This study represents insight of SEM business from the marketer perspective or from the service supplier side. The author of the study assumes that the research findings are able to contribute to the development of theoretical understanding of online businesses as it describes phenomena of SEM. It presents simplified and assumingly comprehensive SEM business model. Also, this study illustrates benefits of focus on ethical methods of optimization implementation. This contributes to the theoretic insight of business ethics and their commercial benefits on the network. Online marketing business practices require further examinations as it constantly develops along the technological evolution.

7.3 Further research suggestions

Current research was dedicated to construction of the business model and trustworthiness of SEM business. Author believes that in changing Internet environment development and improvements of search engine marketing business will be continued according to development of search engines portals. This research is only cast insight on basic business processes and related issues. However, it is possible to continue wider research activities in relation to SEM not only on technical field but also on the field of economics and businesses.

Managerial practice and organizational coordination were only partly discussed in this study. SEM is generally international business and therefore firms have to utilize tie methods of communication incorporated in the managerial system. Alignment of business operations is a vial for any business model and can be a source of competitive advantage.

The topic of content optimization is quite broad. The content creation, building its structure and optimization to be attractive to search engines require not only technical skills but also managerial ones and creativity of thinking. In relation to business, the research on the content construction can be applied. It could bring explanation how changes in content of a web site and its improvements are connected with financial performance of firm-owner of the web site.

Mobile environment opens new possibilities to SEM (SEM International, questionnaire, 14.03.202). Gradually SEM infiltrates to the market based on mobile technologies. It opens new market environment, new technological possibilities and would require further personalization of services. Research of the relation of the marketers to mobile environment should be conducted as this technological shift would influence on all business activities.

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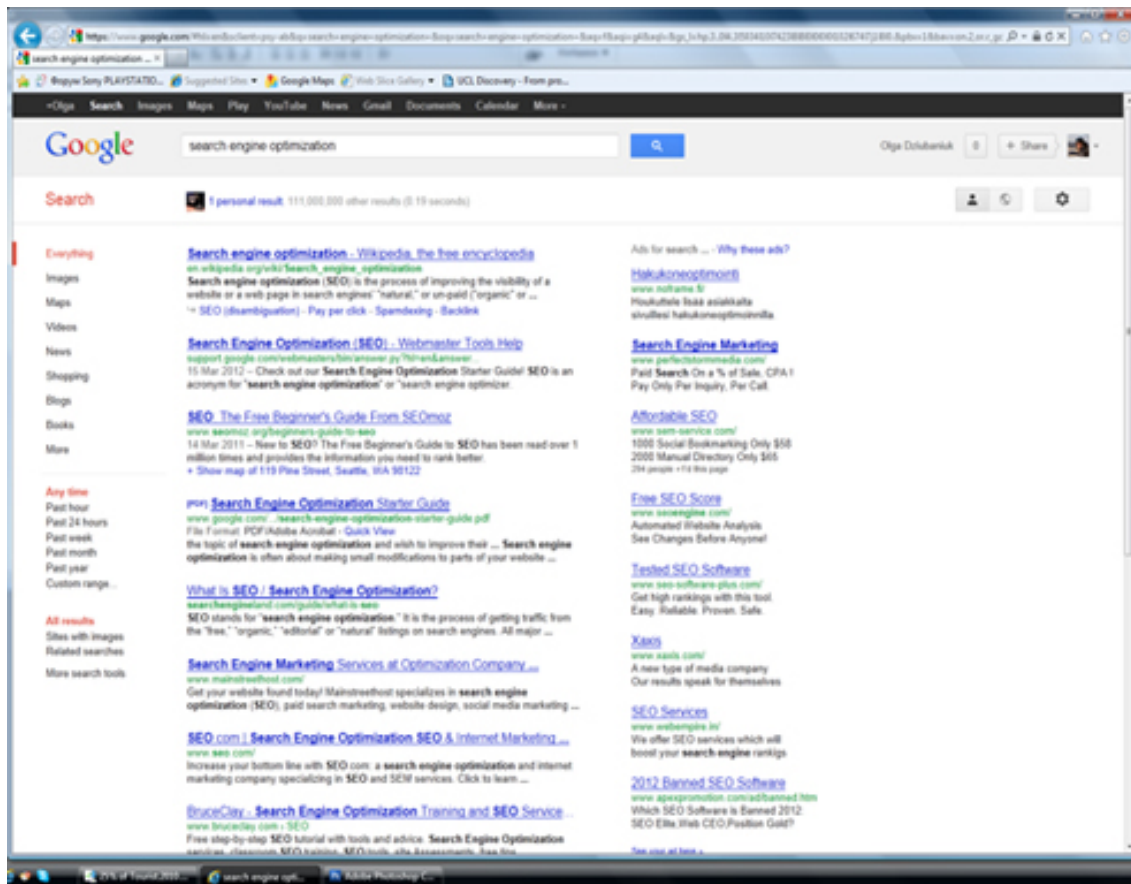Webcertain. <http://www.webcertain.com/>, retrieved, 02.04.2012.

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APPENDIXES

Appendix 1 Google search engine results list display, retrieved 02.04.2012

Appendix 2 Questionnaire designed for search engine marketing companies

Search engine marketing

Questionnaire

Turku School of Economics

Olga Dziubaniuk

Questions:
1. Business model:
   a. What is your customer segment?
   b. What types of services do you provide? What value can you create for customers?
   c. How do you attract customers and communicate with them? (channels)
   d. How do you manage customer relationships?
   e. How do you obtain revenue? Is the price negotiable or fixed? What is the price depending on?
   f. What resources do you use for running you business?
   g. Who are your partners and their role in business?
   h. What are the key activities you perform to run the business?
   i. Cost structure: what are the most important expenses? Which assets take the most costs? Do these expenses change along the changes in production/demand of services (fixed cost vs. variable costs)?
2. How long your company in this business?
3. How many people do you employ or how many employees participate in your company?
4. How do you show your trustworthiness to your customers?
5. How, in your opinion, do you differ from your rivals?
6. What, in your opinion, is the future of online marketing and SEM?

Appendix 3 Questionnaire designed for Yandex.ru portal Client Manager Anton Chupira

Search engine marketing

Questionnaire

Turku School of Economics

Olga Dziubaniuk

Questions:

1. What is the current rating of Yandex.ru in Russia?
2. What type of advertisement service of Yandex is the most required?
3. You opinion regarding search engine marketing?
4. Do you consider SEM as spamming?
5. Do search engine marketers create issues for search engines? (bring harm, decrease profit and etc.)
6. What techniques Yandex perform to resist search engine marketers?
7. Should be SEO business being restricted in some way?
8. What type of SEM is better: freelancer or legally registered company?