



## **The Business of Internet Marketing**

Past | Present | Future

# Services Marketplace Evolution: Pre-Internet Marketing

Let's go back in the time machine to 1999:



# Services Marketplace Evolution: Pre-Internet Marketing



## Homogenous

It was difficult for them to differentiate their experience, expertise and reliability.

## Static

There was inherent inefficiency because they couldn't turn off the consumer demand when they were busy.



## Broadcast

They would receive leads outside their defined coverage.

# Services Marketplace Evolution: Pre-Internet Marketing





## Services Marketplace Evolution: Pre-Internet Marketing

“Does great work...”



# Services Marketplace Evolution

Eddie, like most electricians, has the following characteristics:

75% have less than 45 employees  
**“Does great work...”**

35% spend less than

60% do not have a  
imagine the number

79% are not advert

87%



# Services Marketplace Evolution:

## Early Internet Marketing 1999 - 2003

### Online Advertising Innovations – 1999 to 2003

#### Ratings & Reviews

Rating:



**Review:** “Had a good experience. They worked very hard in getting the right color of mortar for the different areas of my house...”

# Services Marketplace Evolution: Early Internet Marketing 1999-2003

## Dynamic Ad Spend

The screenshot shows a web browser window displaying the Krause Construction website. At the top, there is a ServiceMagic 'Seal of Approval' badge and the text 'Krause Construction ServiceMagic Screened & Approved'. Below this is a banner for 'Get Matched to Top-Rated Home Pros!' with a 'GET QUOTES' button and a 'Now receive 30% off Handyman Services\*' offer. The main content area features a sidebar with navigation links: 'home', 'services offered', 'about us', 'customer ratings', 'project portfolio', 'screening', and 'our community'. The main body displays 'Krause Construction' with the phone number '(303) 323-0721\*'. It includes a photo of a kitchen and a section titled 'Select a Project Below or Call Us Today!' with a 'Services Offered' list: 'Basement - Remodel' and 'Kitchen - Remodel'. A 'Customer Ratings' section shows a 5-star rating from Jamie G. in Denver for a 'Basement - Remodel' project. The footer includes the address '129 Elm Street Denver, CO 80220', the phone number '(303) 323-0721\*', and the text 'CALL US TODAY'. The Krause Construction logo is also present.

**Seal of Approval**  
ServiceMagic  
SCREENED & APPROVED

**Krause Construction**  
ServiceMagic Screened & Approved

**Get Matched to Top-Rated Home Pros!**  
Choose From Over 500 Home Projects

**GET QUOTES**

**Now receive 30% off**  
Handyman Services\*

**home**  
services offered  
about us  
customer ratings  
project portfolio  
screening  
our community

**Krause Construction** (303) 323-0721\*

Select a Project Below or Call Us Today!

**Services Offered** (303) 323-0721\*

- Basement - Remodel
- Kitchen - Remodel

**unique, enduring remodeling solutions**

**In Business Since: 1997**  
Offering design/build and general contracting services to enhance the beauty, value and comfort of your home. We have the resources to take your

**Customer Ratings**  
Krause Construction

**Rating:** ★★★★★  
**Provided By:** Jamie G.  
**City:** Denver

**Project:** Basement - Remodel  
Gary finished my basement 4-6 weeks faster than anyone else quoted, along with having a lower price. He also finished ahead of schedule so that I could get out of town for the week.

129 Elm Street  
Denver, CO 80220  
CALL US TODAY  
(303) 323-0721\*

**krause**  
PAZZA/PAZZA/PAZZA

service magic.com



# Services Marketplace Evolution: Early Internet Marketing 1999-2003

## Hyper-local Targeting



# Services Marketplace Evolution: Internet Marketing Growth 2007 - 2012

## Global Interactive Advertising



\$US Billions

2007 2012

\$45 \$147

## US Search Market



\$US Billions

2007 2012

\$9.5 \$27.7

## US Search Market



Billions of Searches

2007 2012

142.2 306.2

## US Search Market



Searches per user/per month

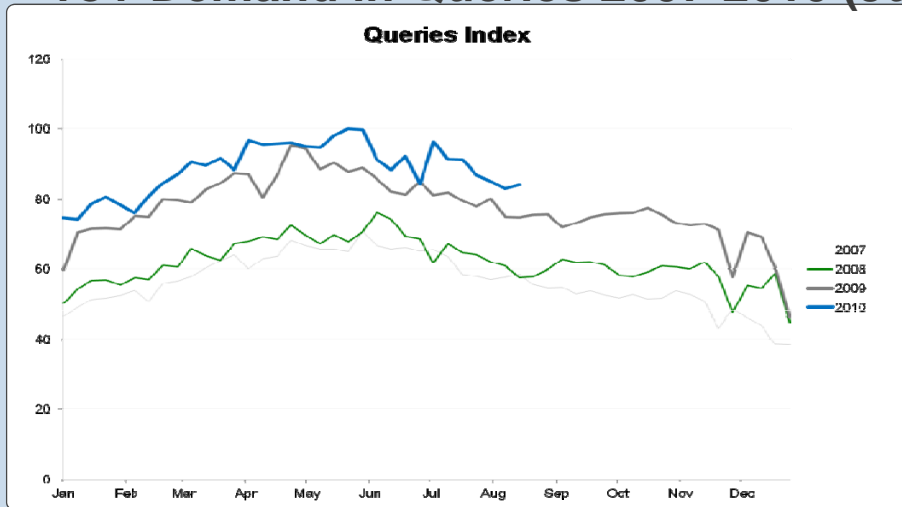
2007 2012

56 108

Source: Kelsey/BIA  
CAGR updated Feb. 2008

# Demand for Home Improvement Queries is Growing

## YoY Demand in Queries 2007-2010 (June)

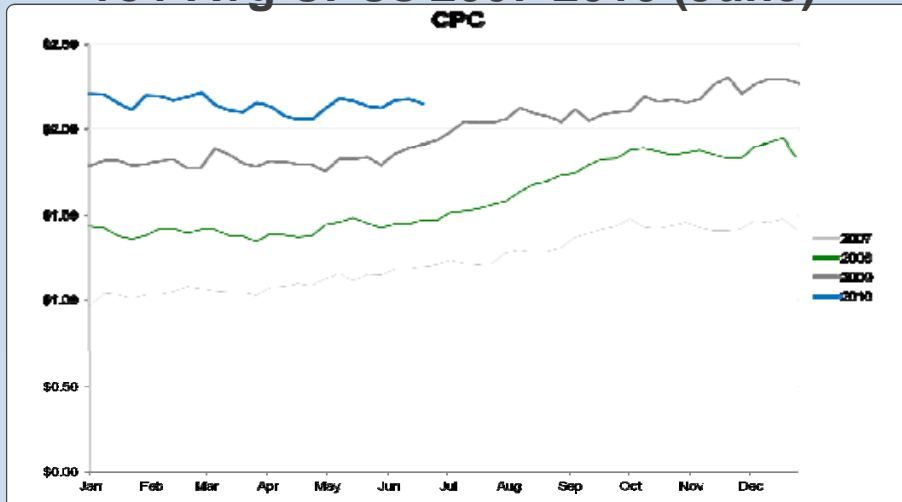


Queries are Growing

↑ 7%

|              | 2008 | 2009 | 2010 YTD |
|--------------|------|------|----------|
| % Change YoY | 10%  | 25%  | 7%       |

## YoY Avg CPCs 2007-2010 (June)



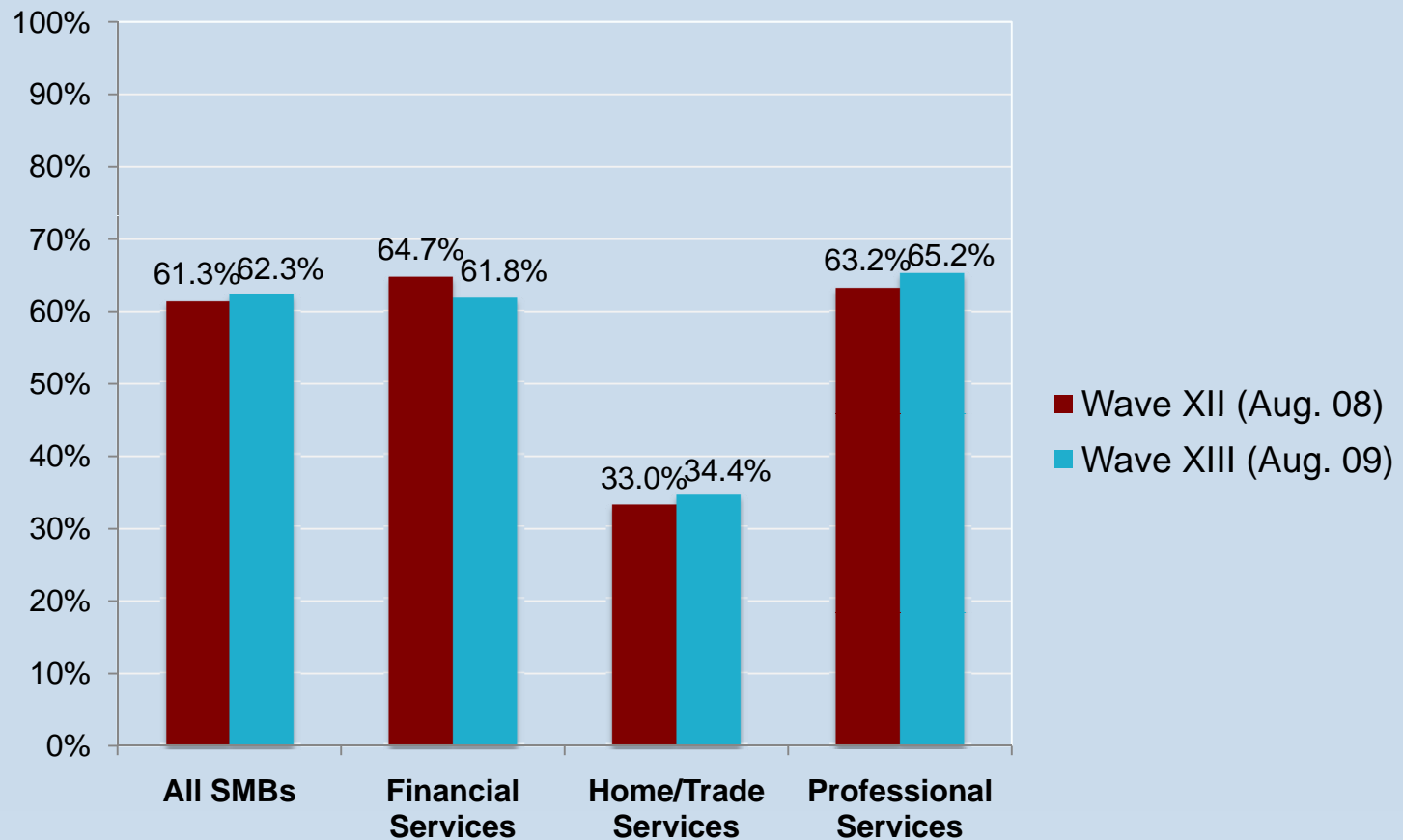
CPCs are Increasing

↑ 18%

|              | 2008   | 2009   | 2010 YTD* |
|--------------|--------|--------|-----------|
| Avg. CPC     | \$1.46 | \$1.83 | \$2.15    |
| % Change YoY | 29%    | 26%    | 18%       |

# Home Services/Trade Businesses Late Adopters Online

## Home Services/Trade Businesses with Websites or Homepages



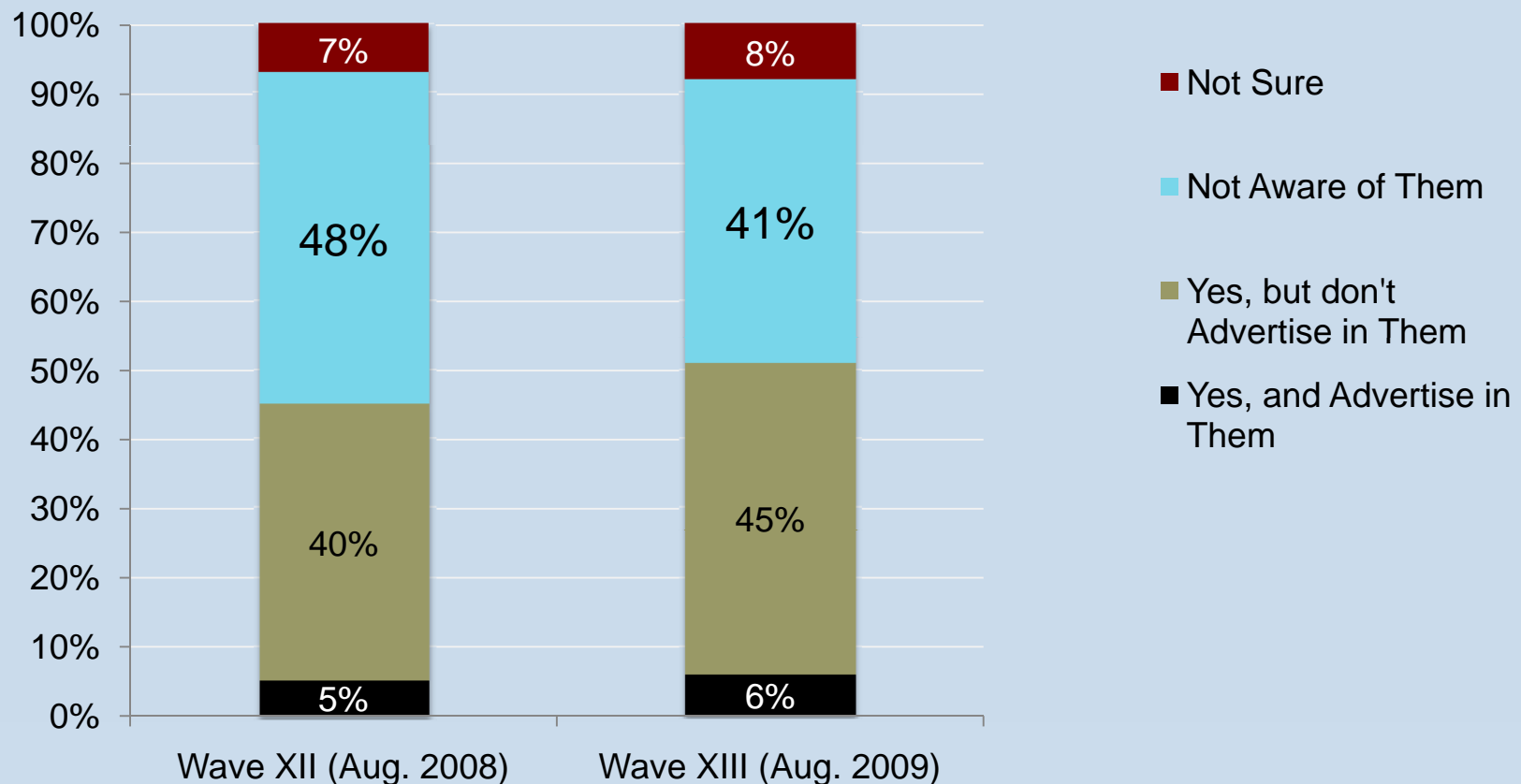
Source: Kelsey/BIA Local Commerce Monitor Wave XIII August 2009; Wave XII August 2008.  
(Sample for each Super-Vertical approximately 300.)





# Home Services/Trade Businesses Late Adopters Online

## Usage of Specialized Online Vertical Directories: Home/Trade Services



Source: Kelsey/BIA Local Commerce Monitor Wave XIII August 2009; Wave XII August 2008.  
(Sample for each Super-Vertical approximately 300.)



## Services Marketplace Evolution: How is it working?

### Early Innovation Led to:

- 1) Greater transparency in advertising results.
- 2) Better matching between the right consumer and right pro

This was *good*, but not *GREAT*

## Services Marketplace Evolution: How is it working?

Advertisers want more and expect more.



They're saying "Show me the money."

## Services Marketplace Evolution: How is it working?

### Consumers:

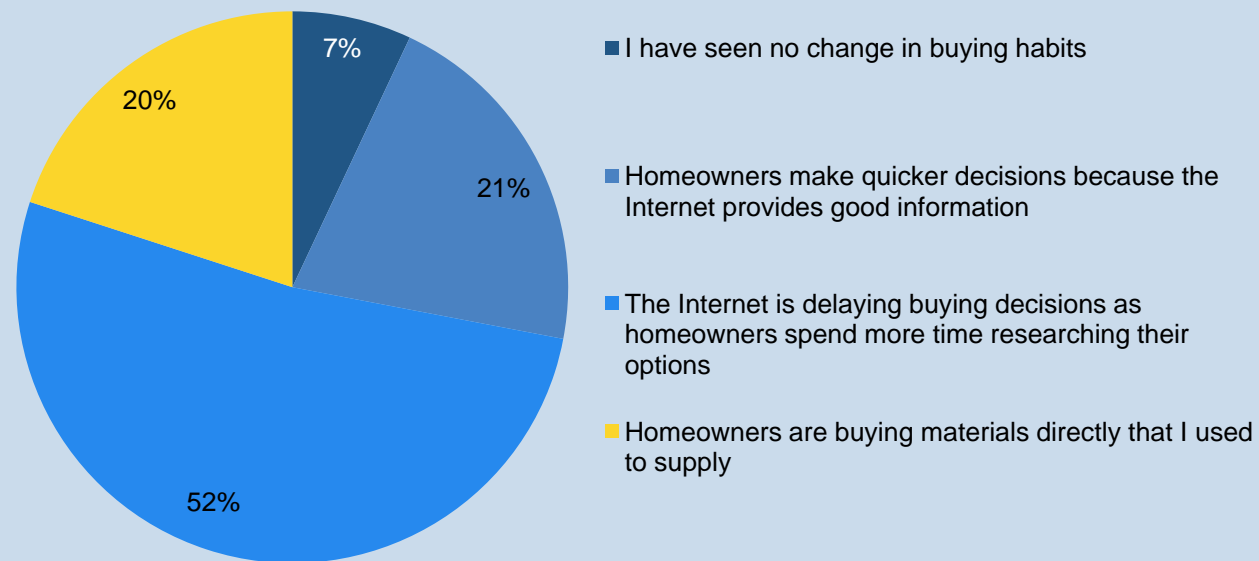
Give me choice, but also  
*make it easy* for me.



# Services Marketplace Evolution: Consumer Behavior

## Consumers take longer to make decisions

**How has the Internet affected homeowner's buying habits?** (Choose all that apply)

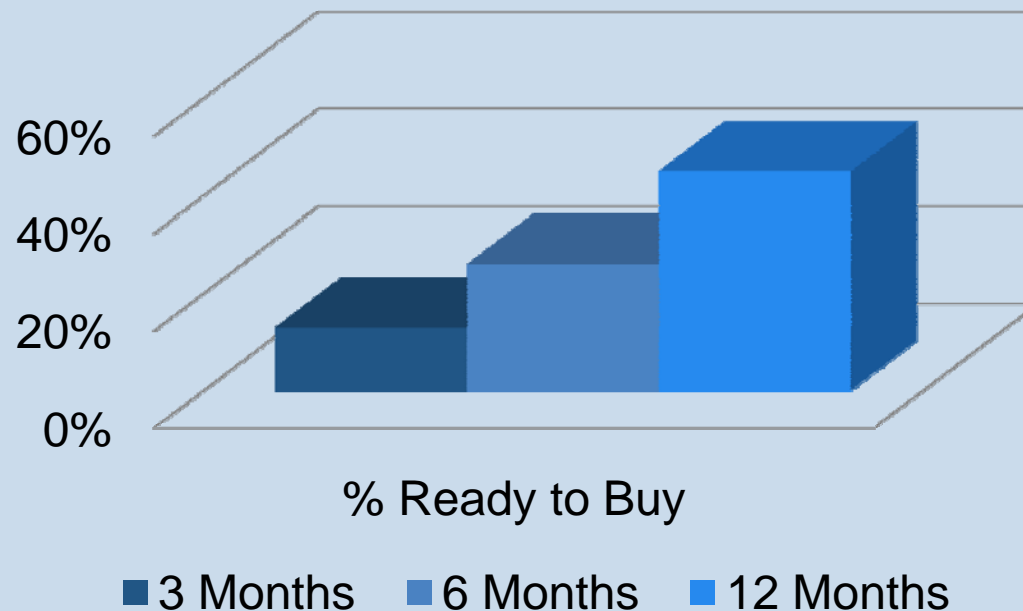


\*Source: ServiceMagic Home Remodeling & Repair Index Service Professional Sentiment Survey. October 2010

## Services Marketplace Evolution: Consumer Behavior

**Consumers have different timelines for making hiring decisions**

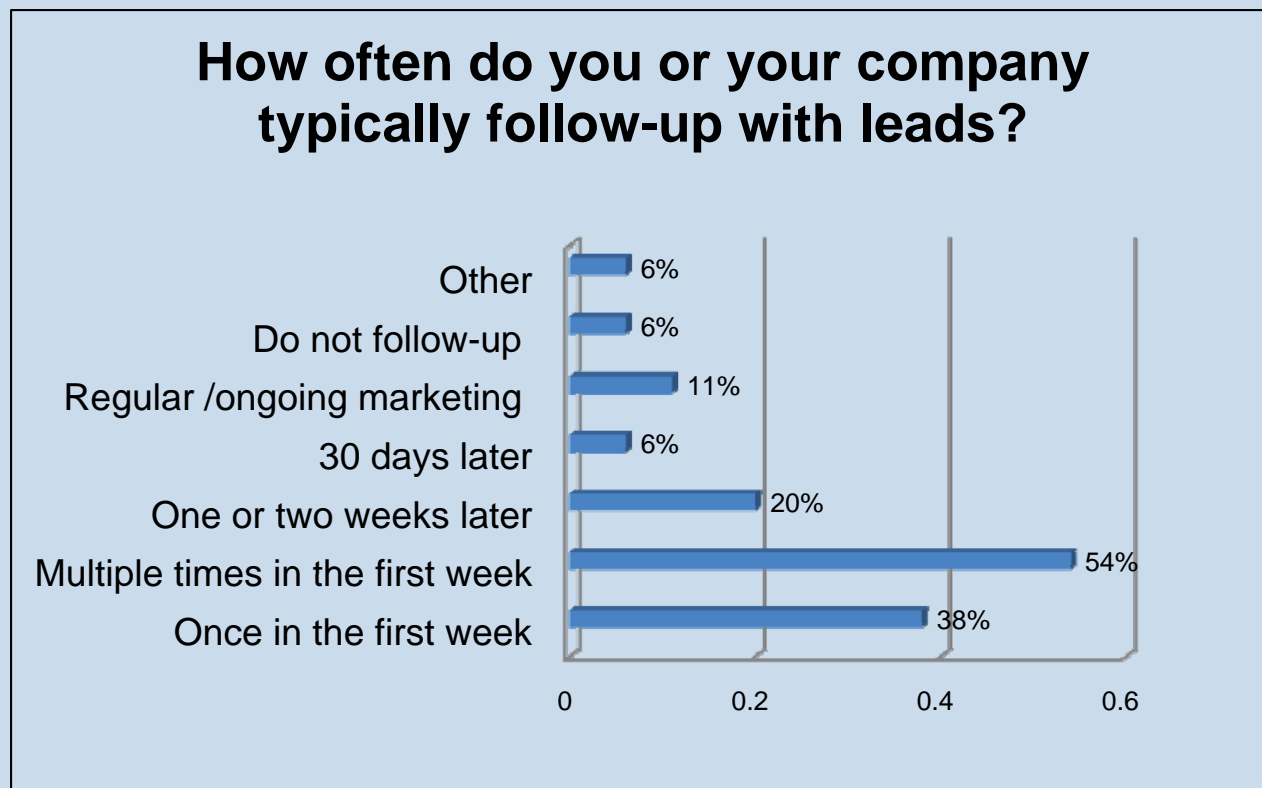
### Compiled Lead Generation Studies



\*Source: B2B marketing consulting firm, Kern Organization, 2009.

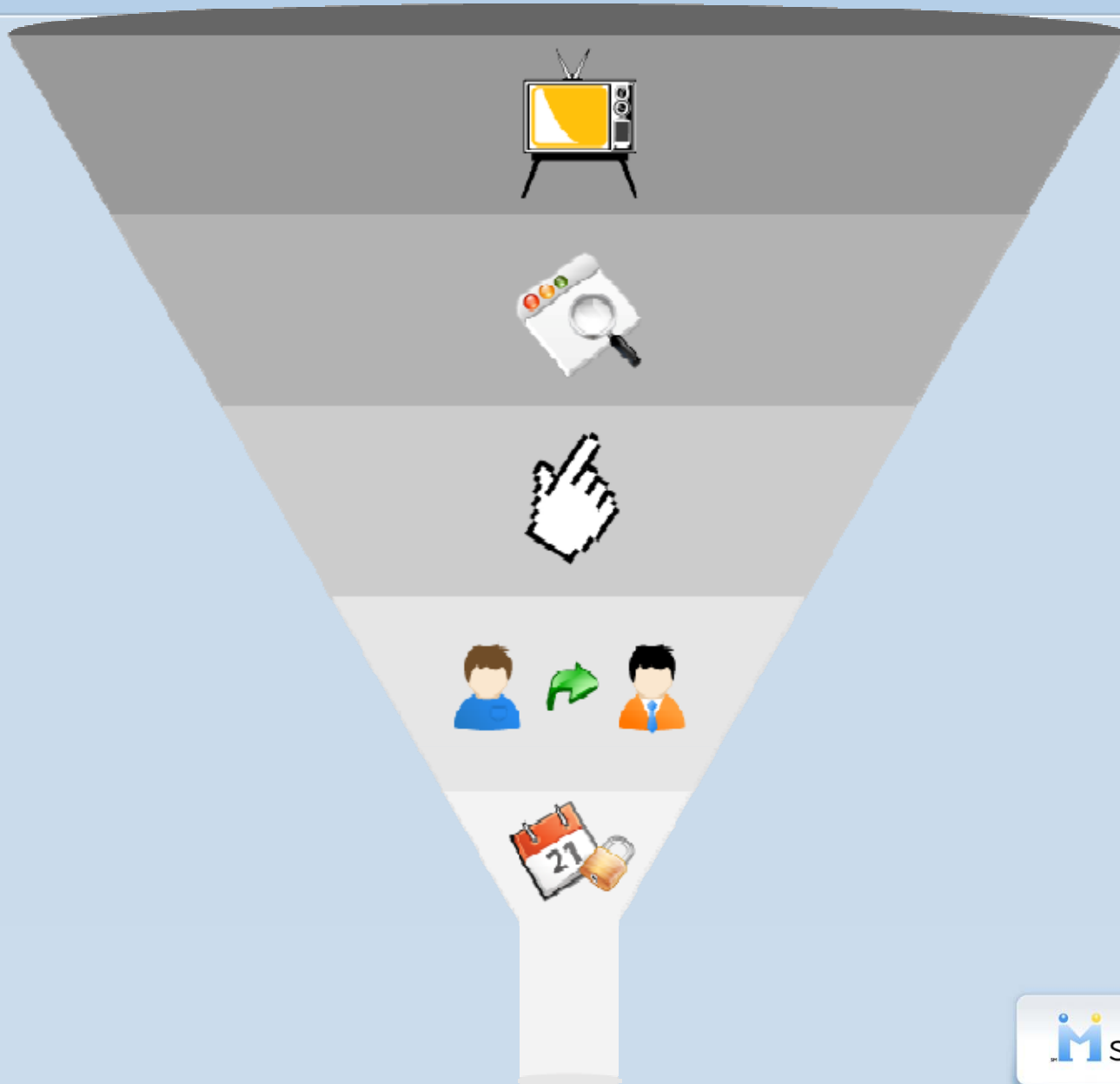
# Services Marketplace Evolution: Service Pro Behavior

## Service Professional Follow-up Doesn't Match Consumer Buying Cycles



\*Source: ServiceMagic Service Professional Survey. August 2009

# Services Marketplace Evolution





# Services Marketplace Evolution: What's next?



**Linked in**®



 **Citysearch**



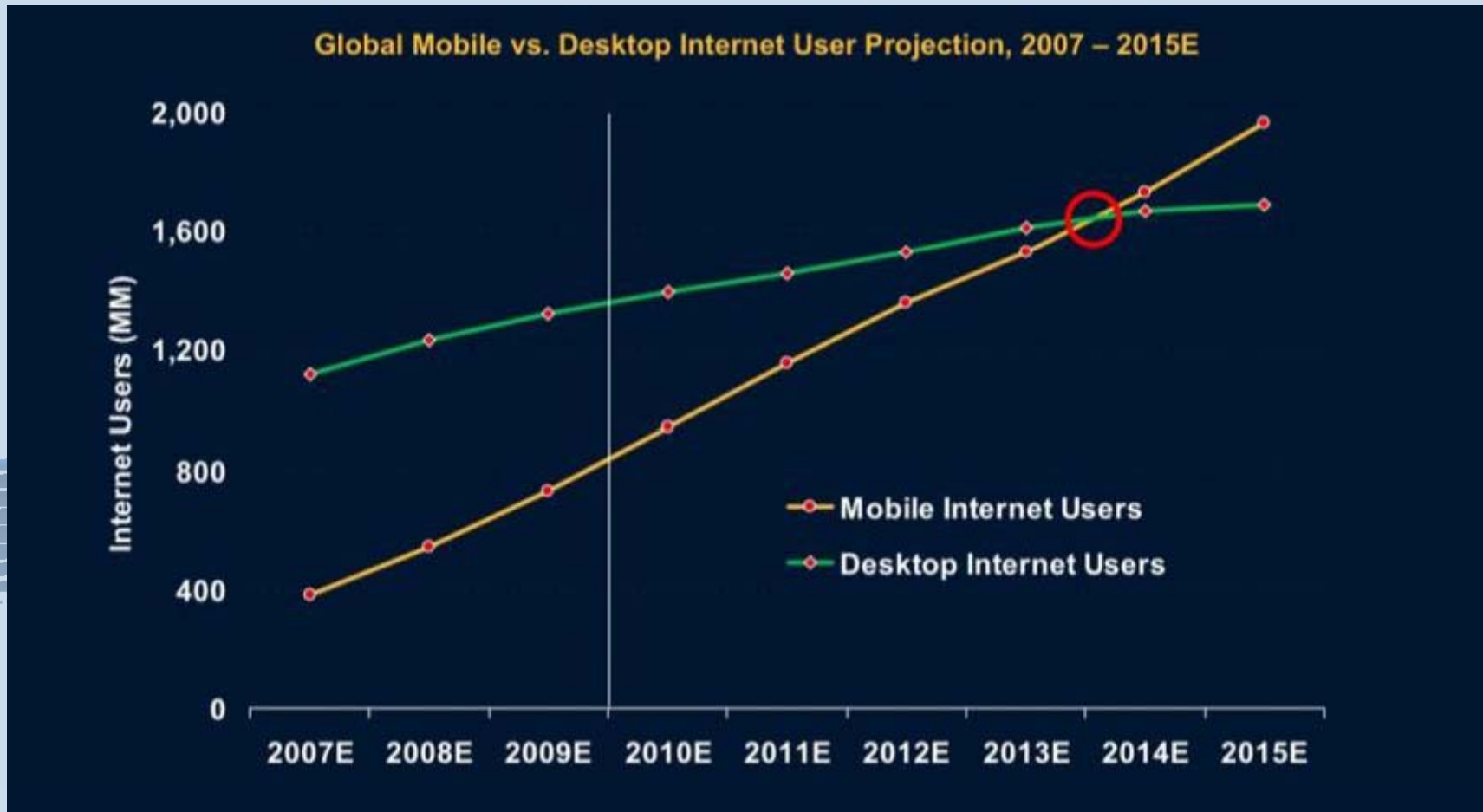
 **servicemagic.com**

# 500% growth

in mobile search  
from 2008 to 2010



# Mobile > Desktop Internet Users Within 5 Years



# Services Marketplace Evolution





# Services Marketplace Evolution: Summary

- Early Internet Marketing Innovation brought increased efficiency and transparency for both small business advertisers and consumers
- Local search is growing, service pros are late online adopters
- Both advertisers and consumers want more from internet platforms
- Consumer buying habits have changed

## **Future Innovations**

- Getting further down the purchase funnel to improving connectivity and booking jobs
- Streamlining all the new internet marketing options and social networks
- Mobile is the next “big thing”



# Services Marketplace Evolution: What's next from Google?

Google   [Advanced Search](#)

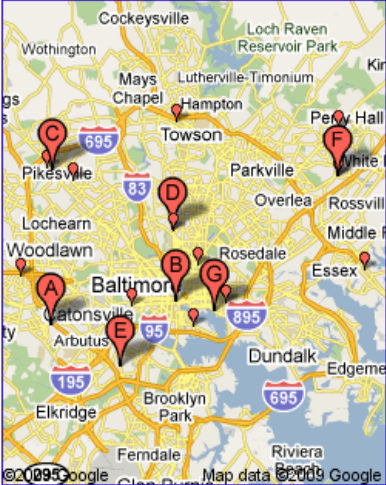
Web [Show options...](#) Results 1 - 10 of about 643,000

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**Cosmetic Dentistry**  
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**Cosmetic Dentists**  
[www.robertjacobsondds.com](http://www.robertjacobsondds.com) We Believe Healthy Smiles And Confidence Go Hand In Hand.

Local business results for **cosmetic dentists** near **Baltimore, MD**



**A** [ANGEL DENTAL CARE](#)  
[www.angeldentalcare.com](http://www.angeldentalcare.com) - (410) 747-0077 - [6 reviews](#)

**B** [Dr. Garcia General and Cosmetic Dentistry](#)  
[www.drgarciadds.com](http://www.drgarciadds.com) - (410) 837-0304 - [1 review](#)

**C** [Cosmetic & Implant Dentistry of Maryland](#)  
[www.howardrothschilddds.com](http://www.howardrothschilddds.com) - (410) 602-8100 - [More](#)

**D** [Welzel Alexandra DMD, K. Michael Murphy DDS and Associates](#)  
[smiledds.dentistryonline.com](http://smiledds.dentistryonline.com) - (410) 235-1233 - [1 review](#)

**E** [Saber Dental Care](#)  
[maps.google.com](http://maps.google.com) - (410) 242-5012 - [More](#)

**F** [White Marsh Family Dentistry](#)  
[www.whitemarshdental.com](http://www.whitemarshdental.com) - (410) 931-7133 - [More](#)

**G** [Eugene McCollum DDS: Family and Cosmetic Dentistry](#)  
[maps.google.com](http://maps.google.com) - (410) 276-4455 - [More](#)

[More results near Baltimore, MD >](#)

**Cosmetic Dentistry - Serving Baltimore Owings Mills Pikesville ...**  
Cosmetic and Advanced **Dentistry** at 866-943-1692 has with the ability to correct any imperfection. Dr. Ed Lazer and Dr. Marshall Madow provide the expertise ...  
[www.cosmeticdentistbaltimore.com/](http://www.cosmeticdentistbaltimore.com/) - [Cached](#) - [Similar](#)

**Towson MD Dentist Christopher P. Toomey, DDS - Extreme Makeover ...**  
Towson MD Maryland **Dentist** offering Extreme Makeover **Cosmetic Dentistry** Veneers Bleaching Whitening Bonding Caps Crowns Implants near **Baltimore, MD**.  
[www.drtoomey.com/](http://www.drtoomey.com/) - [Cached](#) - [Similar](#)

Google 7-Pack  
2009-2010

Local results from Google

Mostly Local results from web

# Services Marketplace Evolution: What's next from Google?

Google

remodeler in denver

About 951,000 results (0.21 seconds)

Advanced search

Everything

Places

More

Englewood, CO

Change location

Show search tools

Home Remodeling Experts  
www.1800Contractor.com Find Five-Star Rated Remodelers Backed By Our Service Guarantee!

Home Remodeling Experts  
www.ServiceMagic.com Top Home Remodelers & Designers. Get Free Estimates Today!

Littleton Basements  
www.ObrienConstructionDenver.com Bedrooms, Baths, Play Rooms Call today to transform your space

Showing results for [remodeling denver](#). Search instead for [remodeler in denver](#)

**Creative Remodeling, Inc. | Denver, CO**  
Creative Remodeling is a professional, award-winning remodeling company with an experienced team of experts in craftsmanship, design and construction.  
[www.creativremodelinghome.com/](#) - Cached - Similar  
5475 Leetsdale Dr # Q, Denver  
(303) 333-3401  
[insiderpages.com \(1\)](#)

**Classic Homeworks - Denver Remodel - Additions, Pop Tops, Kitchens ...**  
Classic Homeworks is an award-winning, full service design/build residential remodeler of older homes located in Denver, Colorado.  
[www.classichomeworks.com/](#) - Cached - Similar  
3430 East 12th Avenue, Denver  
(303) 722-3000  
[insiderpages.com \(1\)](#)

**Kreative Kitchens And Baths**  
kitchen remodel denver, kitchen designers denver, denver kitchen, kitchen cabinets denver, kitchens denver, kitchen remodeling denver, kitchen bath denver, kitchen ...  
[www.kreativekitchensandbaths.com/](#) - Cached - Similar  
1100 Santa Fe Drive, Denver  
(303) 572-2252  
[insiderpages.com \(2\)](#)

**O'Brien Construction Denver Bathroom Remodeling Contractor ...**  
Denver bathroom remodeling contractor provides bath renovation, bathroom flooring and bath tiles to homeowners in Colorado.  
[www.obrienconstructiondenver.com/](#) - Cached - Similar  
1353 Elm ST, Denver  
(303) 506-1262

**Remodeling Bathroom Kitchen Basement Finishing**  
Remodeling bathroom and kitchen, basement finishing in Denver CO. ... Vista Remodeling LLC, serving the following areas in Colorado : Anvada, Boulder, ...  
[www.vistaremodeling.com/](#) - Cached - Similar  
8700 East Jefferson Ave #371954 Denver

1 review  
Place page

1 review  
Place page

2 reviews  
Place page

Place page

2 reviews

Map

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Find local remodeling contractors in the Denver area.  
[www.DexKnows.com](#)

**Remodelers in Your Area**  
Licensed, Professional Remodelers  
Get Multiple Free Quotes Instantly!  
[RM.Networkx.com/Remodelers](#)  
Denver, CO

**Remodeling By Rinato**  
Residential Remodeling & Renovation  
Serving Metro Denver  
[www.remodyingbyrinato.com](#)  
1311 W Evans Ave, Denver, CO 80223

**Loveland Plumbers**  
Family owned and operated  
23 Years in Northern Colorado  
[www.sancoplumbing.com](#)

**Remodeling in Denver**  
Reliable quality bathroom, kitchen, basement remodeling  
[www.AmberRemodelingLlc.com](#)  
Denver, CO

**Compare Local Contractors**  
Post Your Home Project Free & Get Bids From Local Contractors Today!  
[www.BidClerk.com](#)

**Contractor**  
Local general contractor. Free

Google Places  
October 2010

Mostly Local results  
from web

Links to reviews and  
Google Place Page

# Services Marketplace Evolution: What's next from Google?

[Web](#) [Images](#) [Videos](#) [Maps](#) [News](#) [Shopping](#) [Gmail](#) [more](#) ▼



remodeling denver

Search Maps

[Show search options](#)

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[Edit this place](#) - ✓ [Owner-verified listing](#) <<

[Print](#) [Email](#) [Link](#)

## Kreative Kitchens & Baths

1100 Santa Fe Drive, Denver, CO 80204  
(303) 572-2252

[kreativekitchensandbaths.com](http://kreativekitchensandbaths.com)

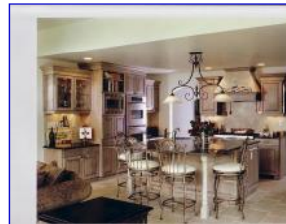
2 reviews

[Directions](#) [Search nearby](#) [more](#) ▼

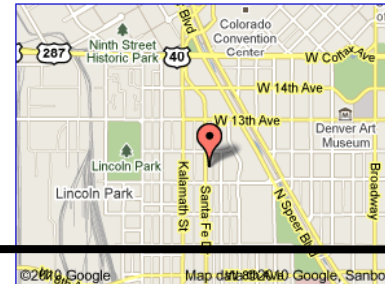
⊕ **Categories:** Kitchen Remodeler, Countertop Store, Services - Home Remodeling...

⊕ **Hours:** Today Closed

**Transit:** [10th & Osage Station](#) (0.4 mi)



From the owner



Full service kitchen and bath shop. We offer design, cabinetry, countertops, flooring and construction services. We offer over 40 years of combined design experience. "From Start to Finish" - [From the owner](#)

### Details

**Services:** Customizing, ...

**Room:** Bathroom Cabinets, Bathroom Countertops, Kitchen Cabinets, Kitchen Countertops

**Granite:** Santa Cecilia, Uba Tuba, Verde Butterfly

**Business owner, dexknews.com**

[More details »](#)

**Email:** [KreativeKitchens@gmail.com](mailto:KreativeKitchens@gmail.com)

**Cabinet Brands:** Mastercraft Cabinets

**Free Estimate Provided:** In Home Services



### Sponsored Links

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Save 30% to 50% on Cabinet Refacing  
Try Our On-Line Refacing Estimator  
[www.homeimprovementsofcolorado.com](http://www.homeimprovementsofcolorado.com)

[Denver Bathroom Remodel](#)

Call Us for Full-Service Design and  
Bathroom Renovation Services.  
[www.BathProsAndRemodeling.com](http://www.BathProsAndRemodeling.com)

[Buy Kitchen Lighting](#)

Huge Selection of Stylish Lighting  
For The Kitchen. Free Ship Deals!  
[LampsPlus.com/Kitchen-Lighting](http://LampsPlus.com/Kitchen-Lighting)

[Denver Coupons](#)

1 ridiculously huge coupon a day.  
It's like doing Denver at 90% off!  
[www.Groupon.com/Denver](http://www.Groupon.com/Denver)

### Photos



From the owner



From the owner



From the owner



From the owner



From the owner

[More photos »](#)

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### Reviews from around the web

[insiderpages.com](#) - 2 reviews

★★★★★

"Painless Remodel The installation of new cabinets, countertops and flooring has given me the updated, modern kitchen I wanted. The Kreative Kitchens team met my schedule and budget and cleaned up the work area at the end of each day. This made my kitchen ..." - Roberta G. - Apr 4, 2009

Google Places  
October 2010

Photos and source

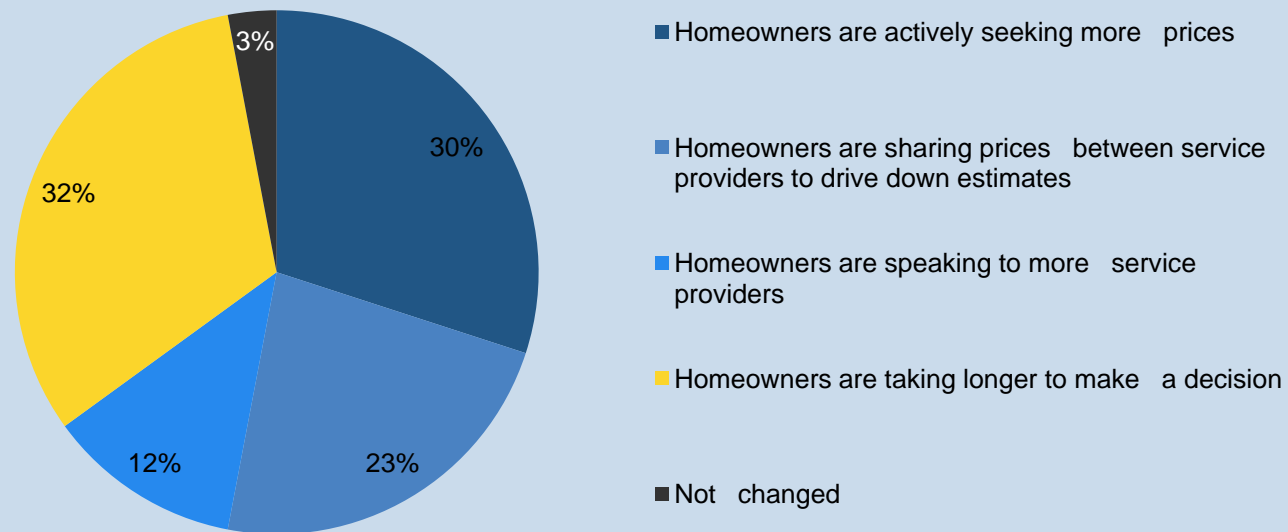
Links to reviews  
online



# Services Marketplace Evolution: Economic Downturn & Internet Influences

## Consumers are more savvy & price sensitive

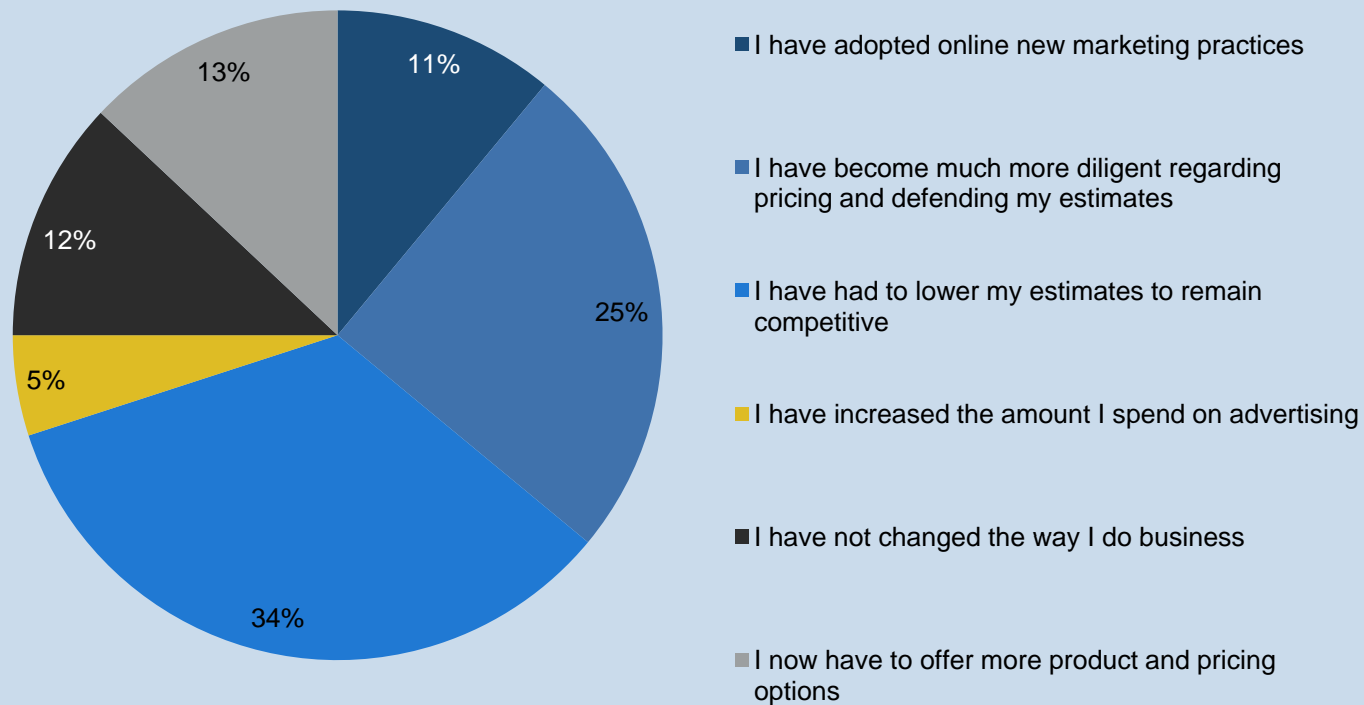
**With the downturn in the economy, what changes have you seen in homeowner's buying habits?**



\*Source: ServiceMagic Home Remodeling & Repair Index Service Professional Sentiment Survey. October 2010

# Services Marketplace Evolution: Economic Downturn & Internet Influences

**How are the new buying habits of consumers  
changing the way you do business?**



\*Source: ServiceMagic Home Remodeling & Repair Index Service Professional Sentiment Survey. October 2010

## Services Marketplace Evolution: Areas for improvement/innovation

### Communication Technology & Lead Management Disconnects

100% Web-Based Leads

**96%** of Professionals respond via PHONE\*

**55%** of Professionals respond via EMAIL\*

\*Source: ServiceMagic Service Professional Survey. August 2009



## Services Marketplace Evolution: Areas for improvement/innovation

**Today, Winning the Job is all about  
RESPONSE SPEED...**

- Odds of calling to contact a lead decrease by over **10 times** in the 1st hour.
- The odds of contacting a lead if called in **5 minutes** versus **30 minutes** drop **100 times**.

**...BUT**

\*Source: THE LEAD RESPONSE MANAGEMENT STUDY from  
InsideSales.com and MIT Faculty Fellow, Professor Oldroyd.

