

# Search Engine Optimization: The long-term strategy of keyword choice

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## **Abstract**

The literature on supply strategies in keyword auctions has suggested a pattern of convergence towards a long-term equilibrium expenditure path as approximate Nash equilibrium. This paper empirically investigates the long-term market performance of organic keywords, which generate the majority of website traffic for most e-commerce. We differentiate between generic and branded keywords to test convergence or catch up of estimated cost per click by keyword type through time series analysis of transition dynamics. Furthermore, we estimate the long-term relationship between the relative costs and the traffic share that the company derives from branded keywords, using an error correction model. Considering a set of leading fashion e-commerce, tracked over six years, we identify for all companies cost convergence or catch up and find a stable long-term cost elasticity of the branded traffic share for US companies and some European firms, with differences between e-commerce and marketplace.

**Keywords:** *Keyword cost; SEO; Digital marketing*

**Track:** Digital Marketing & Social Media