IQS Takes on Big Competitors with a New Approach

Mike Meiresonne has been selling advertising into industrial directories since 1975: first at *MacRAE'S Blue Book*, then at *U.S. Industrial Directory*, and finally moving to *Thomas Register* in 1981 where he rose to become a senior sales contractor and was awarded one of the company's top ten sales franchises. Having reached this coveted position, with $6 million in sales revenue and 22 junior sales reps working for him, it is indeed remarkable – some might say crazy – that Meiresonne walked away from all this in early 2002 with one of his sales managers, Janet Pratt, to work full time at Industrial Quick Search (IQS), a company he had started on a part-time basis in 2000, and for a while had sold as a complement to *Thomas Register* advertising programs. Meiresonne's epiphany: that search engines were going to run right over traditional buying guide publishers who weren't adapting themselves quickly enough to the rising importance of search engines.

Meiresonne describes IQS not as an online buying guide or a search engine, but rather as a "search engine aggregator." IQS consists of 178 small vertical sites, covering such products as pumps, tubing and filters. He then does everything he can to get optimal search engine exposure for these sites by both optimizing the content of the sites for indexing purposes and by buying keywords. While the idea of vertical product sites is not particularly new, most

vertical product sites have ambitions to develop a direct flow of traffic, in addition to search engine referrals. In the case of IQS, "we get close to 100% of our users from search engines," according to Meiresonne. IQS currently has filed two patent applications covering some of its business model.

IQS does more than simply aggregate traffic, however. It prides itself on its streamlined pages (virtually all static HTML pages to maximize indexing in search engines). It also eschews any kind of registration, seeing it as an impediment to quick answers for users. Indeed, there is no searching at all on an IQS vertical site (except for an optional geographic search): users are immediately presented with listings.

Every participating company has a text block next to it, describing the company's products in detail. Each one is reviewed (and in many cases written) by IQS staff to insure accuracy. In addition, placing a mouse over a company name immediately displays the company's advertisement (or a snapshot of its home page) right on the same page. This focus on the user experience is in direct response to what IQS sees as often slow, contorted and un-intuitive searching at many online buying guides. According to Meiresonne, "the bottom line for us is that *users* come first."

To Meiresonne, search engines provide "a user-controlled search environment," one that lets them type in free-form queries and quickly get to relevant results. Key to Meiresonne's strategy is that he believes that users want to be able to enter search phrases such as "55 gallon stainless steel drum" and quickly get to

qualified vendors since statistics show that 45% of searches include three or more words. He contrasts this with the taxonomies of buying guides, many of which lack that level of granularity and are often designed more by advertiser than user concerns. He acknowledges that there is a place for parametric searching (where users can search on highly specific criteria), but he feels the need for such searching is specialized and limited.

"Most users want to search for supplier companies first," he notes. And while keywords may be simple for users, they present complex challenges to advertisers. "We've seen Web sites that users have found using over 1,000 keyword variations…2-3 to 5-6 word search strings. This fact shows the diversity of users on the Internet and how it is the users who rule when searching. The sites that have the greatest reach based on content will be the ones that are most successful in bringing users to suppliers," say Meiresonne. And while he agrees Google remains the undisputed leader in the search business, he's also bullish on the search engine Teoma, which he thinks will become the next big player this year with its "great design and multiple functionalities"

Meiresonne acknowledges that his relationship with the major search engines is awkward, "kind of like being married," as he puts it, though he insists they are not competitors. According to Meiresonne, his IQS sites offer three things that search engines do not: visual company previews (either a display ad or a home page image with no clicking required), detailed company descriptions, and searching by geographic region (though Google is devoting much energy to trying to add a geographic filtering capability). For advertisers, Meiresonne is selling quality prospects. He is quick to state his belief that "80% or more of all clicks are lookers and sellers, not buyers" on the Internet. By contrast, anyone IQS refers to an advertiser has not only done a highly specific keyword search on a search engine, but has previewed the company on IQS before clicking through to its site.

ICR asked Meiresonne for his insight into how advertisers are doing their media buying today. "In the last generation," he notes, "qualified users were the ones who called in requesting catalogs. At least that provided some sense of ROI and better feeling on results. Now everyone can go online, search anything and get results right

away. I compare this change to the difference between digital to analog thinking — it is clearly revolutionary the changes the Internet has made."

When asked about advertiser attitudes towards the Internet, Meiresonne said that while it was hard to generalize, one driving factor is that "people have difficulty with change, and some prefer having their heads in the sand. These people would rather not deal with the changes and understand the change, and instead, rely on the methods of the past." He notes that even at this late date, a surprising number of manufacturers do business through an AOL account for email, lack Web sites, or have one or two page placeholder sites.

Meiresonne is dismissive of bid-for-position pricing as requiring too much time from advertisers, and notes that they tend to quickly become too expensive for the majority of advertisers. IQS charges a flat fee – $2,200-$4,800 per year – to be listed on the home page of an IQS site with guaranteed placement, with discounts if an advertiser wants to appear on multiple sites.

The IQS sales pitch is simple and compelling: IQS will bring the advertiser qualified site traffic for a flat annual fee, with IQS managing keyword optimization and paid key word programs on behalf of its advertisers, allowing them to avoid this complex, demanding task. Even better, IQS can demonstrate to prospects that it's almost always cheaper to buy traffic through IQS than buy it directly from the search engines, since each site is "focused on a major product group with related keywords to bring users into one set of results," according to Meiresonne. "Add to this our flexibility to add or change keywords based on our ongoing research, and the ability of users to easily compare up to 16 potential suppliers without having to go back and forth between Web sites and you see why we are so effective," he said.

Is IQS an idea whose time has come? While he would not divulge revenues or number of advertisers, Meiresonne did state that, "we have tripled our business each year for the last two years and we are on track to do the same this year."

Commentary: What is interesting about IQS is as much its market insight as its business model. IQS is not really doing things all that differently; but it is certainly *thinking* differently. While most buying guide publishers think of themselves in competition with the major search engines (whether or not they care to publicly admit this), IQS has positioned itself as an efficient and economical front-end to the major search engines. "We can get you qualified traffic more easily and cost effectively than you can do it yourself" is the simple sales pitch. *ICR* has long advocated that online buying guides position themselves as back ends to the major search engines, attracting traffic with topic-specific search needs the general search engines can't handle. What's interesting about IQS is that while it's a *back-end* to the search engines in terms of receiving traffic, it is simultaneously a *front-end* to search engines in terms of its advertisers.