



Search Engine Optimization: Skip The Ads, Get The Clicks

PETE BARLAS

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When the Aliwal Dive Centre in South Africa launched its Web site in 2003, its owners never thought of buying online ads to attract scuba diver customers. They never had to.

Instead the company stocked its Web site with specific keywords and software code to help it connect with divers surfing the Web, an approach known as search-engine optimization.

Even as thousands of companies spend millions of dollars to buy text ads that show up near search results on Google (GOOG) and other search engines, the Aliwal Centre is one of a small but growing number of businesses that have found a way around paying for that exposure.

Instead, they're fine-tuning their sites so that they appear in ordinary search results.

In addition to being free, these links are often more effective than paid ads, because some users pay more attention to them.

That could spell trouble for the Web's fastest-growing type of advertising.

For Aliwal, the strategy seems to be working. Most of the company's business comes from the Web, thanks to the top billing it gets when Web searchers type in phrases such as "Aliwal Shoal," a popular underwater reef on the east coast of South Africa, or "dive sites in South Africa."

"We have never found the need to buy ads on Google," said Pam Love, a manager of the scuba training and diving tour organizer.

Big Moneymaker

Most search engines sell their **paid search** programs on an auctionlike basis. Advertisers pick the keywords they want their ads to appear under. They then try to outbid rivals for the words to get their ads ranked above ads for rival services.

Usually, they pay only when a consumer clicks on the ad.

Google, the Web's No. 1 search service, has been the leading seller of these **paid search** ads. Advertisers credit **paid-search** ads for driving huge volumes of traffic to Web sites.

But for Love, the decision to skip paid ads reflects her own Web searching habits.

"When I do a Web search I always click on the text results in the middle of the page; I never take note of the ads on the right side," she said.

Search-engine optimization, or **SEO**, is a boon for small companies with limited cash, says Chris Winfield, president of 10e20, a search marketing firm that helps companies set up **SEO** programs.

"The reason why companies love **SEO** so much is when your site starts showing up as relevant in search results and people come to your site, you are not paying for any or those clicks and that's a huge thing for a company," he said.

Most companies are more familiar with **paid search** ads -- and are buying them in droves.

In the first half of 2007, **paid search** ads in the U.S. topped \$4 billion vs. \$3.1 billion in the first six months of 2006, says a report released this month by the Interactive Advertising Bureau and PricewaterhouseCoopers.

But search ads haven't worked for everyone.

About two years ago, Russell Bartz launched a search ad program on Google to advertise his company, ARC Marketing, which makes car magnets and silicone bracelets to promote fundraising events.

At the end of the first month, Bartz's ad bill topped \$10,000. He got about 30 qualified leads, only a fraction of whom became customers.

"With sponsored search I was always at the top of search results, but it wasn't paying off because you get a lot of people clicking and shopping around and clicking again to come back," he said. "After a while you can't stand that type of expense if you are just a small business like mine."

The Harbour Village Beach Club, a 42-unit resort on Bonaire, a Netherlands-owned island off the northern coast of Venezuela, switched its strategy from placing ads in magazines to **SEO** two years ago. These days, up to 70% of the company's business comes via search-engine optimization.

"We add new keywords every year to keep the site updated to make sure that it comes up at the top or near the top of search results," said Jessica Gonzalez, Harbour's marketing director.

The move has paid off, she says.

"Our business keeps increasing year after year," she said.

It's not clear how many companies are using **SEO**. Relying on **SEO** alone can be done, but it's tricky. Most companies use **SEO** in combination with paid online advertising and other forms of marketing.

A company like the Aliwal Dive Centre can rank high in search results because of its name association with a famous reef.

But because search companies continuously tweak their software algorithms to make sure they are providing the most relevant search results, most companies have to constantly update their Web sites to keep a high ranking in **organic** search results, says MoreVisibility President Andrew Wetzler.

Ads Still Pay

ARC's Bartz still buys **paid search** ads but limits his spending to \$10 a day. He also pays another search marketing company, Submitaweb.com, \$450 a month to make sure other sites link back to his company's Web site.

Though Google doesn't collect a dime from companies using **SEO**, the technique still can play an important role for the search giant by helping to improve regular search results, says 10e20's Winfield.

"A lot of times, **SEO** makes Web sites better, which makes people more aware of Google," he said. "It's a necessary evil."

And companies using **SEO** often continue buying ads on Google, if only to make sure their company name appears over rivals, says Greg Sterling, an analyst for Sterling Market Intelligence, a research firm.

"There are a lot of companies that will buy placement in sponsored links because they have more control," he said.

For its part, Google recognizes the need for Web sites to buy ads and use **SEO**, says Adam Lasnik, Google's search evangelist for Google.

"Many merchants desire an instant boost in their conversions or want to showcase very specific pages or promotions," he said, via e-mail. "Paid advertising is a perfect vehicle for this. But many Webmasters find that creating great sites and making them accessible -- while not providing instant results -- is just fine for their needs."