

**Uncover the True Value of Top Search Rankings**

# The Google Report

**Your guide to find out  
how much a top Google  
ranking is really worth  
so that you can increase  
your marketing ROI.**

**by Roger Bauer**

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## WHAT A TOP GOOGLE RANKING IS *REALLY* WORTH

For many business professionals, effective marketing is a challenge to even the most savvy individuals and teams. With the abundance of marketing options at their disposal, making heads or tails out of each and projecting realistic return numbers can prove to be overwhelming. In this brief overview, search engine optimization will be covered in a manner that (hopefully) clearly identifies key factors to consider when evaluating online marketing options along with projecting estimated traffic based upon some leaked AOL data back in 2006.

The hypothetical traffic estimates contained within this report are just that—estimates and should not be considered guarantees of any level of traffic or return on investment advice. As with anything, you should consult with a trusted marketing professional about your unique situation before committing any funds to any marketing strategy or tactic.

In this report, the locale of St. Louis, Missouri will serve as one example. If you are in real estate, your locale's search traffic, pay per click (PPC) costs and market metrics may vary greatly from this overview. Each market has its own unique factors and the success or failure within that market is ultimately up to the individual. SMB Consulting & Roger Bauer provide no warranties, guarantees or promises of any performance as a result of reading or acting upon the information shared in this report.

So now that we've covered that necessary business, let's jump into the meat of the report. Starting off, we'll look at the search statistics for St. Louis real estate then segue into how much traffic a top 10 site in Google may receive for that particular keyword phrase (based upon the AOL leaked data of 2006).

There is a lot of buzz about Internet Marketing especially when it comes to Search Engine optimization or SEO as it is commonly referred to. Very few doubt the power of a top Google ranking, but very few have taken the time to outline what a top ranking may be worth in terms of monetary value. This analysis attempts to shed some light on a top ranking while showing you how to derive your own numbers to analyze. Hopefully you'll gain some insight into SEO and ways to attach potential ROI numbers to your own campaigns as a result of reading this and performing the exercises.

Briefly, here's what we'll cover:

1. What makes search rankings so valuable?
2. How search rankings influence perception
3. Traffic projections – brought to you by AOL

4. Determining the monetary value of search results
5. Making sense of normalized values for insights & projections
6. Projected overall, organic, and PPC search volumes
7. Pay-per-Click cost projections
8. Business assumptions
9. Expected SEO & PPC return metrics based on business assumptions and website performance
10. How to conduct your own analysis for any keyword phrase you choose

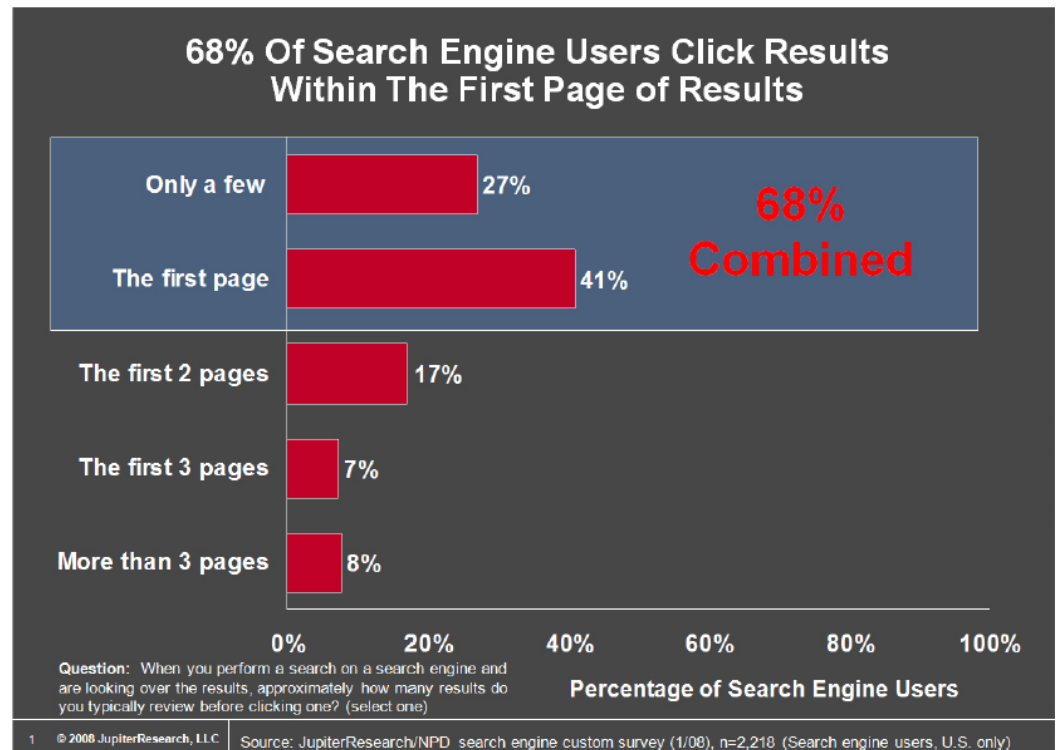
To cover the ten sections outlined above, two examples (“St Louis real estate” and “satellite internet”) have been provided so that you can see the analysis unfold. At the conclusion of the examples, there is a step by step process you can follow to duplicate this analysis on your own. There is also a link to a spreadsheet that will perform many of the calculations for you, but you have to know a few things about your website’s conversion rates and your own performance as it relates to your business or your employer’s business.

### WHAT MAKES SEARCH RANKINGS SO VALUABLE?

Since fewer and fewer searchers navigate beyond the first page of search results, it’s imperative to rank as well as possible for popular search terms if your website is to play a critical role in the growth of your business.

Furthermore, iProspect & Jupiter Research studies have shown that the number of searchers only clicking on results on the first page has increased by 42% since 2002 (48% in 2002, 62% in 2006, and 68% in 2008).

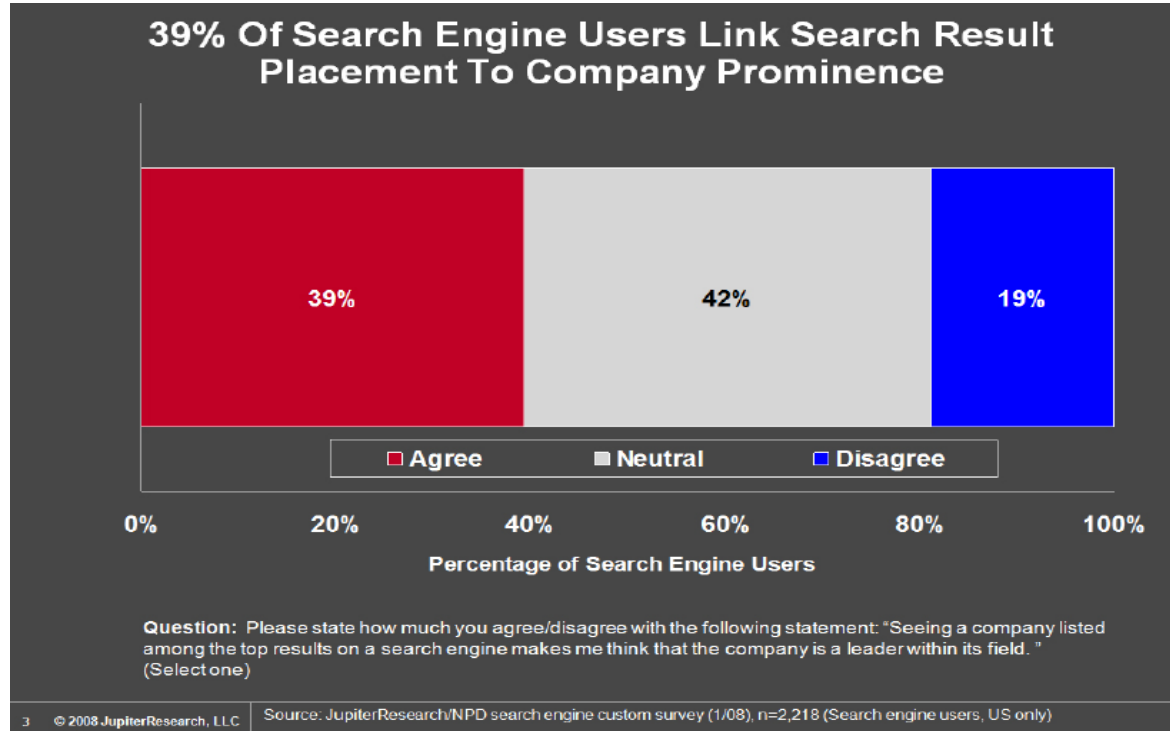
That trend indicates that **ranking on page two or beyond will garner fewer and fewer visitors to a website as things progress.**



Since there is only room for one #1 ranking for a given term and searchers seem to have less and less patience, the online competitive landscape is heating up as businesses of all sizes wage war to achieve search ranking supremacy. The true beauty of search engines, however, is that they don't base their rankings on a company's revenue, advertising budget or goodwill to the universe meaning that small businesses can compete on a level playing field with monstrous conglomerates without having to outspend them.

## HOW SEARCH RANKINGS INFLUENCE PERCEPTION

Do you believe search engine rankings don't influence the perception people have of your business? Review the graphic below from Jupiter Research that indicates that only 19% of searchers "disagree" that "seeing a company listed among the top results on a search engine makes me think that the company is a leader within its field." Translated: 81% don't disagree with the statement.



What makes this particularly interesting is that the number that disagreed with the statement has declined by 6% (25% in 2006) and the number that agreed increased by 3% (36% in 2006) since the last study meaning **more people associate high search rankings with a company being a leader within its field.**

## TRAFFIC PROJECTIONS BROUGHT TO YOU BY AOL

Back in 2006, some fine folks at AOL accidentally let some key search data leak to the public. Every since, there has been a feeding frenzy on the data in the form of blog posts, reports, articles, presentations, etc. discussing the data and its impact on the search universe. Add this report to the mix as here are the numbers courtesy of that infamous AOL data leak:

Click Through Rates for Top 10			Total Searches <b>9,038,794</b>		
Position	Organic	PPC	Position	Clicks	CTR
1	22.965%	7.000%	1	2,075,765	22.965%
2	6.484%	4.186%	2	586,100	6.484%
3	4.632%	3.325%	3	418,643	4.632%
4	3.303%	2.730%	4	298,532	3.303%
5	2.679%	2.436%	5	242,169	2.679%
6	2.208%	2.191%	6	199,541	2.208%
7	1.860%	1.680%	7	168,080	1.860%
8	1.643%	1.400%	8	148,489	1.643%
9	1.553%	1.071%	9	140,356	1.553%
10	1.632%	0.973%	10	147,551	1.632%

Source: 2006 Leaked AOL Data

Source: 2006 Leaked AOL Data

On the left side of this chart, you'll see click through percentages for a given search. On the right is the raw click data along with the calculated click through percentage.

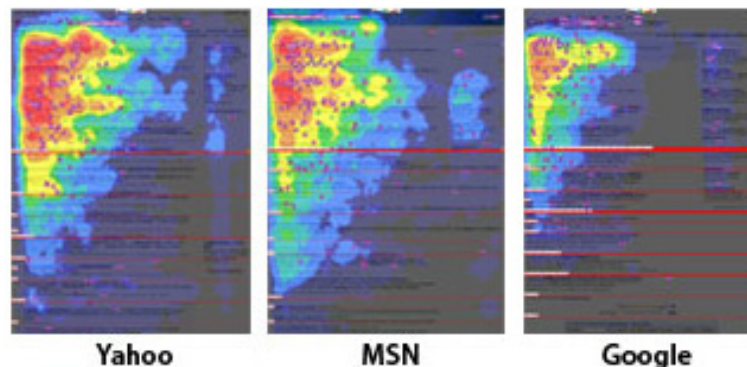
What the numbers clearly show is that every search doesn't render an action or click because some people don't actually search to land on a website or online property – they may check the rankings for a particular keyword, make note of the sites listed, determine that they made a mistake with their query and launch another one, or they may enter the direct web address into their address bar and enter the site that way versus clicking on

the search result. Long story short, there are a multitude of things searchers may do after launching a search query, and the leaked AOL data reflects that. PPC data is also included and to no surprise, far fewer searchers click on the paid search results.

The numbers in the chart above will be used for our projections throughout our analysis.

The eye chart study below outlines the differences in search behavior based upon the search engine used.

## Enquiro Eye Tracking Report II: Google, MSN and Yahoo! Compared



(Enquiro)

While Google has a substantial lead in terms of search query volume, its users tend to focus a majority of their attention to the upper left of a search results' page while MSN users tend to scroll further down the page and utilize PPC ads a little more. Google users practically ignore the PPC ads on the right while Yahoo's user base seems to read more of the text within the search results. Yahoo users seem to lie in the middle in terms of how much attention they pay to the paid ads to the right.

Combine the leaked AOL data with the eye tracking study (source: Enquiro), and it is quite evident that a high search ranking garners more attention than its counterparts.

## DETERMINING THE MONETARY VALUE OF SEARCH RANKINGS

Comparing widely varying statistics can be very difficult unless there is a mechanism in place to provide a relative baseline. To accomplish this with statistics, values are "normalized" in order to compare "apples to apples" so to speak.

For instance, let's say you generate \$120,000 in sales for the month of January yet one of your competitors generates \$240,000 in the same month. To the layman, it appears that the competitor is outperforming you 2 to 1 and has a healthier business. To understand the sales values in context, it is necessary to have a comparison base.

Let's assume that your average sales volume is \$60,000 per month and your competitor's happens to be \$350,000. Having that comparison information begins to paint a more complete picture and helps the analyzer understand that the competitor actually had a "bad" month while you had a "great" month in October. Just because the competitor generates more revenue on average doesn't mean he/she necessarily has a better business or is outperforming you each month.

Search volumes are similar in that one term may generate 1,000,000 searches in a given month while another term may only generate 20,000. To place the volumes in context so that they can be compared easily over a period of time, it is necessary to "normalize" the volumes to a common ground. Google accomplishes this by normalizing a given term's highest search volume over a given period back to 100 then relating everything to that high volume number as a percentage (more or less). This makes it easier to compare numbers and perform trending analysis that would otherwise be impossible due to their wide variations.

This practice also makes a database more efficient by not having to store massive statistical data – if everything relates back to a specific number (i.e. the "high water mark" over a given period) for its category, the actual data can be served up on the fly without having to eat up a bunch of storage space.

Hopefully that brief explanation makes sense. 😊

For the purposes of this report, just understand that the numbers you see within the Google Insights and Trend tools are "normalized" to represent a percentage of the high search volume over some period. Typically, it'll date back to 2004, but some terms don't have enough data within the database to provide a substantial history.

Things will start off in the two examples by focusing on the normalized search data for the term in question. Projections will be made from the normalized data utilizing weighted moving averages and the average search volume shared within the Google Keyword Tool.

Next, AOL's leaked search data from 2006 will be utilized to zero in on potential web visitor traffic depending upon the website's search ranking for the term analyzed. Assumptions are being made that the website in question has obtained a top 10 Google ranking for the term.

Once there is enough search data to estimate potential traffic to a site and a few factors are known about the business including: the lifetime value of a customer, conversion percentages for website visitors and sales, and the amount of commission earned per sale, a hypothetical cost and return structure can be outlined to make a business case for or against search engine optimization and/or PPC advertising.

## EXAMPLE #1: ST. LOUIS REAL ESTATE

To get a feel for how much a top Google ranking is worth, let's focus on a real estate term since most people understand real estate and how it works from a sales perspective. Most people have had some experience buying or selling property at some point in their life so this may make the example a little easier to understand.

### Business Assumptions for Saint Louis Real Estate

Thanks to the tool from Trulia (screen capture below), we can include key sales information in our analysis to get a better feel for what an SEO and/or PPC campaign might do to the bottom line of the business.

**Saint Louis Real Estate Overview** Today, January 3, 2009

**Market View for Saint Louis** Info

Avg. Listing Price <b>\$229,758</b> Wk ending Dec 17	↓ -\$1,586 -0.7% Wk-o-wk	Median Sales Price <b>\$59,920</b> Sep '08 - Nov '08	↓ -\$25,956 -30.2% y-o-y	<b>3,159</b> Homes For Sale	<b>63</b> Open Homes
				<b>4,960</b> Recently Sold	<b>3,173</b> Foreclosures

Based on the business being analyzed, the following questions and answers outline the numbers utilized for the analysis that follows.

1. **What is the average monthly volume according to Google's Keyword Tool?**
  - a. 49,500
2. **According to Google Insights, what is the current average normalized value for the term you're analyzing?**
  - a. 78
    - i. As of January 3, 2009
3. **What is the average cost per click (CPC) according to Google's Traffic Estimator tool?**
  - a. \$2.36
4. **What is the average LIFETIME value of each customer to your business?**

- a. \$13,785.00
  - i. Assuming a person only does business one time with the REALTOR® and the average transaction is \$229,758 at a commission of 6%.
    1. See the overview snapshot screen capture above from Tulia that served as the source for this data.
- 5. What percentage of each sale do you earn (sales rep) or pay out (business owner) as a commission?**
  - a. 6.00%
- 6. Taking into consideration the page you'd like to drive more traffic to, what percentage of web visitors to that page end up becoming a qualified lead?**
  - a. 0.100%
    - i. This is the percentage of website traffic to a specific page that takes action to inquire about the REALTOR® in some fashion such as filling out a web form, making a telephone call to learn more about a specific property, requesting a property comparison, etc.
      1. The action taken qualifies the visitor as a potential lead. This number should be known by business owners and marketers alike if success is ever to be achieved.
      2. Traffic by itself does not equate to leads!
- 7. Of the percentage that become qualified leads for your business, what percentage actually become a paying customer?**
  - a. 20.000%
    - i. This is the percentage of leads that end up doing business with the firm in question.
- 8. How much does your business spend on organic Search Engine Optimization (SEO) per month on average?**
  - a. \$750
    - i. This number is based on the average amount a client would pay SMB Consulting over the course of 12 months for basic SEO services.
      1. NOTE: Premium SEO services cost much more than \$750/month, and most firms charge more (on average) than for SEO campaigns during the first year.
      2. For a free overview comparison of 50 of the top SEO firms globally, please visit <http://seoComparisonGuide.com>.

## Making Sense of Normalized Search Values for Insights & Projections

In this first module, let's take a look at the historical normalized data for the term "St Louis real estate." A note of interest: these numbers may fluctuate depending upon the time of search and other factors that are beyond the scope of this example.

### Google Factor for: St. Louis Real Estate

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
2006	84	78	85	82	86	86	78	71	71	69	63	61	76
2007	78	80	78	89	83	91	88	84	69	64	58	55	76
2008	76	72	71	71	65	69	76	62	56	57	50	54	65
Average	79	77	78	81	78	82	81	72	65	63	57	57	73
2009 Projection	77	74	74	76	71	75	78	67	60	60	53	57	69

The current average value associated with "St Louis real estate" in the Google Insights tool is 78. Based on an average search volume of 49,500 (Google Keyword Tool), this equates to a high volume of 63,462.

As the numbers in the factor chart above suggest, 2008 hasn't produced as much search volume for the term "St Louis real estate" although the overall average for the past three years (2006-2008) suggests fairly steady overall volume for the term.

2009 Projections are based on a weighted moving average combination of the following factors:

1. 25% of the overall average
2. 60% of 2008's factor
3. 10% of 2007's factor
4. 5% of 2006's factor

Combining these factors helps to balance out extreme highs and lows that may skew our projections, and it allows for any seasonal adjustments to be included in the future projection for a given month. Based on the projections, 2009 is shaping up to be better than 2008 for the search term, but it'll still come in a bit under the overall average if the projections are fairly accurate.

### Estimating Future Search Volumes

By taking the normalized projection (inverted light blue section) and understanding that the high value everything is normalized to is 63,462, we can back fill the actual search volumes for past months and years. We can also project likely future volumes based upon those estimates. Below, you'll see this done for "St Louis real estate:"

## Estimated Google Searches for: St. Louis Real Estate

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
2006	53,308	49,500	53,942	52,038	54,577	54,577	49,500	45,058	45,058	43,788	39,981	38,712	48,337
2007	49,500	50,769	49,500	56,481	52,673	57,750	55,846	53,308	43,788	40,615	36,808	34,904	48,495
2008	48,231	45,692	45,058	45,058	41,250	43,788	48,231	39,346	35,538	36,173	31,731	34,269	41,197
Average	50,346	48,654	49,500	51,192	49,500	52,038	51,192	45,904	41,462	40,192	36,173	35,962	46,010
2009 Projection	49,140	47,131	47,057	48,083	45,121	47,787	49,796	42,667	38,320	38,003	33,762	35,993	43,572

### Estimating Future Potential Organic Traffic Volumes

Now if we combine the leaked AOL click through data with the projections made in the chart above, we can begin to sketch in traffic estimates to a website based upon search positioning within the top 10 organic results. This has been done below:

## Estimated 2009 Organic Google Traffic for: St. Louis Real Estate

Search Position	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
1	11,285	10,824	10,807	11,042	10,362	10,974	11,436	9,799	8,800	8,727	7,753	8,266	10,006
2	3,186	3,056	3,051	3,118	2,926	3,099	3,229	2,767	2,485	2,464	2,189	2,334	2,825
3	2,276	2,183	2,179	2,227	2,090	2,213	2,306	1,976	1,775	1,760	1,564	1,667	2,018
4	1,623	1,557	1,554	1,588	1,490	1,578	1,645	1,409	1,266	1,255	1,115	1,189	1,439
5	1,317	1,263	1,261	1,288	1,209	1,280	1,334	1,143	1,027	1,018	905	964	1,167
6	1,085	1,040	1,039	1,061	996	1,055	1,099	942	846	839	745	795	962
7	914	876	875	894	839	889	926	793	713	707	628	669	810
8	807	774	773	790	741	785	818	701	630	624	555	591	716
9	763	769	768	785	737	780	813	697	626	620	551	588	708
10	802	769	768	785	737	780	813	697	626	620	551	588	711

Most people would like to think that the overall search volume average of 49,500 is the **expected** volume for the top ranked site for “St Louis real estate.” That is a false expectation often fueled by overzealous search optimizers and PPC managers. Sometimes people are disappointed when they achieve a top ranking for a popular keyword phrase because they think they’ll capture every one of those searchers, but 1 in 4 is about all that can be expected even for the top ranked site. As the chart indicates, 802 visitors is about what the 10<sup>th</sup> ranked site may see in January 2009 for the term “St Louis real estate” and the top ranked site may see 11,285 organic search based visitors.

### Estimating Future Potential PPC Traffic Volumes

As we did with the organic traffic, let’s do the same thing for PPC:

## Estimated 2009 PPC Google Traffic for: St. Louis Real Estate

Search Position	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
1	3,440	3,299	3,294	3,366	3,158	3,345	3,486	2,987	2,682	2,660	2,363	2,520	3,050
2	2,057	1,973	1,970	2,013	1,889	2,000	2,084	1,786	1,604	1,591	1,413	1,507	1,824
3	1,634	1,567	1,565	1,599	1,500	1,589	1,656	1,419	1,274	1,264	1,123	1,197	1,449
4	1,342	1,287	1,285	1,313	1,232	1,305	1,359	1,165	1,046	1,037	922	983	1,190
5	1,197	1,148	1,146	1,171	1,099	1,164	1,213	1,039	933	926	822	877	1,061
6	1,077	1,033	1,031	1,053	989	1,047	1,091	935	840	833	740	789	955
7	826	792	791	808	758	803	837	717	644	638	567	605	732
8	688	660	659	673	632	669	697	597	536	532	473	504	610
9	526	505	504	515	483	512	533	457	410	407	362	385	467
10	478	459	458	468	439	465	485	415	373	370	328	350	424

Another mistake people commonly make is to assume that a high allocated PPC budget for a popular term equates to hoards of traffic. You can have all the budget in the world allocated for a popular keyword phrase, but a majority of the search universe isn't going to click on a paid ad! That means all the visions of 20,000 visitors per month that will convert into leads at 5% which further convert into paying customers at a 20% clip is all pie in the sky!

A more realistic approach would be to review the projections above and map out a strategy to capitalize on the most potential visitors without paying top dollar while realizing the most visitors you'll get from PPC is somewhere around 1,300 for "St Louis real estate" if you play your cards right. If your business requires more leads to be generated from your website, you'll have to figure out ways to improve conversions and offer greater value to increase the number of repeat visitors along with evaluating alternative marketing methods (such as direct response marketing) that may not include online channels initially.

In the search ranking value section, you'll see how the numbers might play out so that you can adapt your marketing strategy accordingly.

### Estimating Future Potential PPC Costs

With a recent average cost per click (CPC) of \$2.36 (Source: Google Traffic Estimator Tool) for the term "St Louis real estate," calculations can be made based upon the average CPC and the estimated PPC Traffic as outlined above. The chart below outlines what it may cost for a PPC campaign for this search term depending upon the placement of the ad within the search results.

## Estimated 2009 Google PPC Costs for: St. Louis Real Estate

Search Position	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
1 \$	8,118 \$	7,786 \$	7,774 \$	7,943 \$	7,454 \$	7,894 \$	8,226 \$	7,049 \$	6,330 \$	6,278 \$	5,577 \$	5,946 \$	7,198
2 \$	4,855 \$	4,656 \$	4,649 \$	4,750 \$	4,458 \$	4,721 \$	4,919 \$	4,215 \$	3,786 \$	3,754 \$	3,335 \$	3,556 \$	4,304
3 \$	3,856 \$	3,698 \$	3,693 \$	3,773 \$	3,541 \$	3,750 \$	3,908 \$	3,348 \$	3,007 \$	2,982 \$	2,649 \$	2,824 \$	3,419
4 \$	3,166 \$	3,037 \$	3,032 \$	3,098 \$	2,907 \$	3,079 \$	3,208 \$	2,749 \$	2,469 \$	2,448 \$	2,175 \$	2,319 \$	2,807
5 \$	2,825 \$	2,710 \$	2,705 \$	2,764 \$	2,594 \$	2,747 \$	2,863 \$	2,453 \$	2,203 \$	2,185 \$	1,941 \$	2,069 \$	2,505
6 \$	2,541 \$	2,437 \$	2,433 \$	2,486 \$	2,333 \$	2,471 \$	2,575 \$	2,206 \$	1,981 \$	1,965 \$	1,746 \$	1,861 \$	2,253
7 \$	1,948 \$	1,869 \$	1,866 \$	1,906 \$	1,789 \$	1,895 \$	1,974 \$	1,692 \$	1,519 \$	1,507 \$	1,339 \$	1,427 \$	1,728
8 \$	1,624 \$	1,557 \$	1,555 \$	1,589 \$	1,491 \$	1,579 \$	1,645 \$	1,410 \$	1,266 \$	1,256 \$	1,115 \$	1,189 \$	1,440
9 \$	1,242 \$	1,191 \$	1,189 \$	1,215 \$	1,140 \$	1,208 \$	1,259 \$	1,078 \$	969 \$	961 \$	853 \$	910 \$	1,101
10 \$	1,128 \$	1,082 \$	1,081 \$	1,104 \$	1,036 \$	1,097 \$	1,143 \$	980 \$	880 \$	873 \$	775 \$	827 \$	1,001

As evidenced by the chart, there is not a whole lot of cost difference between the 4-6 positions relative to the projected traffic within the PPC rankings. There are substantial differences in costs for ranking in the top spot versus the second or third placement. With this realization, a savvy approach for someone in the St. Louis real estate market may want to gun for the #4 position to save money on PPC while focusing more of their efforts on improving their conversions for leads and sales to help everything mesh together seamlessly.

## Expected SEO vs. PPC Return Metrics Based Upon Ranking Position & Business Assumptions

Combining all of our analysis to this point and factoring in the business assumptions, it's time to attach monetary value to our campaign(s). The chart below takes into account the lifetime value of a customer, the website's lead conversion percentage along with the sales conversion rate, and the sales commission to be paid. Factoring in the data in the preceding sections, leads us to the following potential search ranking values:

### Monthly Potential Search Ranking Value

Search Ranking	Projected Organic Traffic	Potential Leads	Sales	Commission	Cost / Sale	Net Profit / Sale	Projected PPC Traffic	Potential Leads	Sales	Commission	Cost / Lead	Cost / Sale	Net Profit / Sale
1	10,006	10	2	\$ 1,655	\$ 375	\$ 12,583	3,050	3	1	\$ 505	\$ 2,360	\$ 11,800	\$ 1,158
2	2,825	3	1	\$ 467	\$ 1,327	\$ 11,631	1,824	2	0	\$ 302	\$ 2,360	\$ 11,800	\$ 1,158
3	2,018	2	0	\$ 334	\$ 1,858	\$ 11,100	1,449	1	0	\$ 240	\$ 2,360	\$ 11,800	\$ 1,158
4	1,439	1	0	\$ 238	\$ 2,606	\$ 10,352	1,190	1	0	\$ 197	\$ 2,360	\$ 11,800	\$ 1,158
5	1,167	1	0	\$ 193	\$ 3,212	\$ 9,746	1,061	1	0	\$ 176	\$ 2,360	\$ 11,800	\$ 1,158
6	962	1	0	\$ 159	\$ 3,899	\$ 9,059	955	1	0	\$ 158	\$ 2,360	\$ 11,800	\$ 1,158
7	810	1	0	\$ 134	\$ 4,628	\$ 8,330	732	1	0	\$ 121	\$ 2,360	\$ 11,800	\$ 1,158
8	716	1	0	\$ 118	\$ 5,239	\$ 7,719	610	1	0	\$ 101	\$ 2,360	\$ 11,800	\$ 1,158
9	708	1	0	\$ 117	\$ 5,297	\$ 7,661	467	0	0	\$ 77	\$ 2,360	\$ 11,800	\$ 1,158
10	711	1	0	\$ 118	\$ 5,272	\$ 7,686	424	0	0	\$ 70	\$ 2,360	\$ 11,800	\$ 1,158

*Numbers based on average projected Google traffic for St. Louis Real Estate*

Given the metrics and assumptions for "St Louis real estate," it is feasible to turn a nice profit on each sale by ranking in the Google top 10 both organically and for paid placements. Projecting the numbers out for the entire month paints an even rosier picture because the numbers depicted above are PER SALE only. Even though there are no sales indicated for many of the ranking positions, businesses such as real estate firms build up to a sale over time so if you're in real estate, you likely know what each "touch point" is worth with a prospect.

### Explanation of Calculations:

1. Organic & PPC traffic estimates are the projected averages for each ranking position simply copied from the calculations worksheet.
2. The number of leads is derived by multiplying the Web Conversion % (entered on the starting page) by the traffic estimate.
3. The number of sales indicates the Sales Closing % (entered on starting page) multiplied by the number of potential leads.
4. Commission is derived by multiplying the Commission % by the number of sales. This applies to sales staff you pay per sale.

5. The cost per lead is calculated by taking the PPC estimated cost for each position and dividing that by the number of projected leads.
6. Cost per PPC generated sale is calculated by taking the PPC estimated cost for each position and dividing that by the number of projected sales.
7. Cost per Organic search generated sale is calculated by taking the SEO monthly cost (entered on starting page) and dividing that by the number of projected sales.
8. Net profit per sale takes the Lifetime Customer Value (entered on starting page) and subtracts out the cost/sale plus commissions.

## EXAMPLE #2: SATELLITE INTERNET

In this example, there won't be a bunch of narrative to summarize each chart. The charts should make a lot more sense after going over them in the previous sections.

### Business Assumptions for Satellite Internet

1. What is the average monthly volume according to Google's Keyword Tool?
  - a. 201,000
2. According to Google Insights, what is the current average normalized value for the term you're analyzing?
  - a. 78
3. What is the average cost per click (CPC) according to Google's Traffic Estimator tool?
  - a. \$3.10
4. What is the average LIFETIME value of each customer to your business?
  - a. \$772.00
5. What percentage of each sale do you earn (sales rep) or pay out (business owner) as a commission?
  - a. 5.00%
6. Taking into consideration the page you'd like to drive more traffic to, what percentage of web visitors to that page end up becoming a qualified lead?
  - a. 2.230%
7. Of the percentage that become qualified leads for your business, what percentage actually become a paying customer?
  - a. 15.320%

- 8. How much does your business spend on organic Search Engine Optimization (SEO) per month on average?
  - a. \$750

### Leveraging Normalized Search Values for Insights & Projections

Below are the numbers taken from the Google Insights tool and the projected factor for 2009.

#### Google Factor for: satellite internet

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
2006	78	68	67	66	73	78	83	82	71	66	66	70	72
2007	79	64	63	60	63	69	68	67	60	53	56	55	63
2008	61	61	57	52	49	48	50	54	54	45	45	47	52
Average	73	64	62	59	62	65	67	68	62	55	56	57	62
2009 Projection	67	62	59	55	55	56	58	60	57	49	50	58	57

As the normalized values indicate, the term “satellite internet” is losing a little steam in the search game. If you’re in this business, you may wish to consider alternative methods of marketing and advertising your business in addition to organic search and PPC. These numbers suggest cutting back a bit with PPC spending as it is likely the same results can be achieved with a more frugal approach.

### Estimating Future Search Volumes

While the estimated search traffic for this particular term is substantial, the normalized values paint a more cautious picture in terms of how one may want to go about marketing a satellite internet business.

#### Estimated Google Searches for: satellite internet

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
2006	201,000	175,231	172,654	170,077	188,115	201,000	213,885	211,308	182,962	170,077	170,077	180,385	186,397
2007	203,577	164,923	162,346	154,615	162,346	177,808	175,231	172,654	154,615	136,577	144,308	141,731	162,561
2008	157,192	157,192	146,885	134,000	126,269	123,692	128,846	139,154	139,154	115,962	115,962	121,115	133,785
Average	187,256	165,782	160,628	152,897	158,910	167,500	172,654	174,372	158,910	140,872	143,449	147,744	160,915
2009 Projection	171,537	161,015	153,155	142,590	141,129	143,921	148,688	154,916	147,829	126,956	128,374	148,774	147,407

### Estimating Future Potential Organic Traffic Volumes

As is the case with our “St Louis real estate” example, a lot of people make the mistake of seeing a high search volume for a term and automatically assuming that is the traffic their site would attract should it achieve a top organic ranking. The numbers below paint a much more realistic picture that should be considered by satellite internet providers.

#### Estimated 2009 Organic Google Traffic for: satellite internet

Search Position	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
1	39,394	36,977	35,172	32,746	32,410	33,052	34,146	35,577	33,949	29,156	29,481	34,166	33,852
2	11,123	10,441	9,931	9,246	9,151	9,332	9,641	10,045	9,586	8,232	8,324	9,647	9,558
3	7,945	7,458	7,094	6,604	6,537	6,666	6,887	7,175	6,847	5,880	5,946	6,891	6,827
4	5,666	5,318	5,058	4,709	4,661	4,753	4,911	5,117	4,882	4,193	4,240	4,914	4,869
5	4,596	4,314	4,103	3,820	3,781	3,856	3,984	4,151	3,961	3,401	3,439	3,986	3,949
6	3,787	3,555	3,381	3,148	3,116	3,177	3,282	3,420	3,263	2,803	2,834	3,284	3,254
7	3,190	2,994	2,848	2,652	2,624	2,676	2,765	2,881	2,749	2,361	2,387	2,767	2,741
8	2,818	2,645	2,516	2,342	2,318	2,364	2,443	2,545	2,429	2,086	2,109	2,444	2,422
9	2,664	2,628	2,500	2,328	2,304	2,349	2,427	2,529	2,413	2,072	2,096	2,429	2,395
10	2,800	2,628	2,500	2,328	2,304	2,349	2,427	2,529	2,413	2,072	2,096	2,429	2,406

### Estimating Future Potential PPC Traffic Volumes

Since the term “satellite internet” generates a lot of search volume (historically), it reasons to believe a lot of traffic can be had by utilizing PPC advertising. The chart below estimates the potential number of visitors to a given website that ranks within the top 10 paid ads for the term:

#### Estimated 2009 PPC Google Traffic for: satellite internet

Search Position	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
1	12,008	11,271	10,721	9,981	9,879	10,074	10,408	10,844	10,348	8,887	8,986	10,414	10,319
2	7,181	6,740	6,411	5,969	5,908	6,025	6,224	6,485	6,188	5,314	5,374	6,228	6,170
3	5,704	5,354	5,092	4,741	4,693	4,785	4,944	5,151	4,915	4,221	4,268	4,947	4,901
4	4,683	4,396	4,181	3,893	3,853	3,929	4,059	4,229	4,036	3,466	3,505	4,062	4,024
5	4,179	3,922	3,731	3,473	3,438	3,506	3,622	3,774	3,601	3,093	3,127	3,624	3,591
6	3,758	3,528	3,356	3,124	3,092	3,153	3,258	3,394	3,239	2,782	2,813	3,260	3,230
7	2,882	2,705	2,573	2,396	2,371	2,418	2,498	2,603	2,484	2,133	2,157	2,499	2,476
8	2,402	2,254	2,144	1,996	1,976	2,015	2,082	2,169	2,070	1,777	1,797	2,083	2,064
9	1,837	1,724	1,640	1,527	1,511	1,541	1,592	1,659	1,583	1,360	1,375	1,593	1,579
10	1,669	1,567	1,490	1,387	1,373	1,400	1,447	1,507	1,438	1,235	1,249	1,448	1,434

## Estimating Future Potential PPC Costs

While a lot of traffic can be generated to a satellite internet website through PPC ads, that traffic isn't going to be cheap so the website needs to be fine tuned in terms of conversions and sales metrics. As the chart below indicates, a company could easily get "upside down" with PPC advertising if it isn't careful.

### Estimated 2009 Google PPC Costs for: satellite internet

Search Position	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
1	\$ 37,224	\$ 34,940	\$ 33,235	\$ 30,942	\$ 30,625	\$ 31,231	\$ 32,265	\$ 33,617	\$ 32,079	\$ 27,550	\$ 27,857	\$ 32,284	31,987
2	\$ 22,260	\$ 20,894	\$ 19,874	\$ 18,503	\$ 18,314	\$ 18,676	\$ 19,295	\$ 20,103	\$ 19,183	\$ 16,475	\$ 16,659	\$ 19,306	19,128
3	\$ 17,681	\$ 16,597	\$ 15,786	\$ 14,697	\$ 14,547	\$ 14,835	\$ 15,326	\$ 15,968	\$ 15,238	\$ 13,086	\$ 13,232	\$ 15,335	15,194
4	\$ 14,517	\$ 13,627	\$ 12,962	\$ 12,067	\$ 11,944	\$ 12,180	\$ 12,584	\$ 13,111	\$ 12,511	\$ 10,744	\$ 10,864	\$ 12,591	12,475
5	\$ 12,954	\$ 12,159	\$ 11,566	\$ 10,768	\$ 10,658	\$ 10,868	\$ 11,228	\$ 11,699	\$ 11,163	\$ 9,587	\$ 9,694	\$ 11,235	11,132
6	\$ 11,651	\$ 10,936	\$ 10,402	\$ 9,685	\$ 9,586	\$ 9,775	\$ 10,099	\$ 10,522	\$ 10,041	\$ 8,623	\$ 8,719	\$ 10,105	10,012
7	\$ 8,934	\$ 8,386	\$ 7,976	\$ 7,426	\$ 7,350	\$ 7,495	\$ 7,744	\$ 8,068	\$ 7,699	\$ 6,612	\$ 6,686	\$ 7,748	7,677
8	\$ 7,445	\$ 6,988	\$ 6,647	\$ 6,188	\$ 6,125	\$ 6,246	\$ 6,453	\$ 6,723	\$ 6,416	\$ 5,510	\$ 5,571	\$ 6,457	6,397
9	\$ 5,695	\$ 5,346	\$ 5,085	\$ 4,734	\$ 4,686	\$ 4,778	\$ 4,937	\$ 5,143	\$ 4,908	\$ 4,215	\$ 4,262	\$ 4,939	4,894
10	\$ 5,174	\$ 4,857	\$ 4,620	\$ 4,301	\$ 4,257	\$ 4,341	\$ 4,485	\$ 4,673	\$ 4,459	\$ 3,829	\$ 3,872	\$ 4,487	4,446

## Expected SEO vs. PPC Return Metrics Based Upon Ranking Position & Business Assumptions

Below are the financial projections for an organic SEO versus a PPC campaign. A rather compelling business case is presented by organic SEO.

### Monthly Potential Search Ranking Value

Search Ranking	Projected Organic Traffic	Potential Leads	Sales	Commission	Cost / Sale	Net Profit / Sale	Projected PPC Traffic	Potential Leads	Sales	Commission	Cost / Lead	Cost / Sale	Net Profit / Sale
1	33,852	755	116	\$ 4,464	\$ 6	\$ 727	10,319	230	35	\$ 1,361	\$ 139	\$ 907	(\$ 174)
2	9,558	213	33	\$ 1,260	\$ 23	\$ 710	6,170	138	21	\$ 814	\$ 139	\$ 907	(\$ 174)
3	6,827	152	23	\$ 900	\$ 32	\$ 701	4,901	109	17	\$ 646	\$ 139	\$ 907	(\$ 174)
4	4,869	109	17	\$ 642	\$ 45	\$ 688	4,024	90	14	\$ 531	\$ 139	\$ 907	(\$ 174)
5	3,949	88	13	\$ 521	\$ 56	\$ 678	3,591	80	12	\$ 474	\$ 139	\$ 907	(\$ 174)
6	3,254	73	11	\$ 429	\$ 67	\$ 666	3,230	72	11	\$ 426	\$ 139	\$ 907	(\$ 174)
7	2,741	61	9	\$ 361	\$ 80	\$ 653	2,476	55	8	\$ 327	\$ 139	\$ 907	(\$ 174)
8	2,422	54	8	\$ 319	\$ 91	\$ 643	2,064	46	7	\$ 272	\$ 139	\$ 907	(\$ 174)
9	2,395	53	8	\$ 316	\$ 92	\$ 642	1,579	35	5	\$ 208	\$ 139	\$ 907	(\$ 174)
10	2,406	54	8	\$ 317	\$ 91	\$ 642	1,434	32	5	\$ 189	\$ 139	\$ 907	(\$ 174)

Numbers based on average projected Google traffic for *satellite internet*

As evidenced by the analysis, the sales generated through the PPC campaign are losing propositions. It costs more than the business will bring in over the lifetime of the customer so PPC advertising doesn't make a lot of sense giving the circumstances and the scenario as set forth. Organic SEO on the other hand produces anywhere from \$642 of net profit per sale for a #10 ranking all the way up to \$727 of net profit per sale for a #1 ranking. Notice how the cost/sale dramatically falls as the site climbs the organic search rankings. This is a prime example of multiple benefits being realized by organic search optimization.

## PERFORM YOUR OWN ANALYSIS

If you want to perform your own analysis, feel free to download the spreadsheet at [ ] from SMB Consulting.

1. The first worksheet you'll see in the spreadsheet is the "start here" tab. Obviously, this is where you'll want to start by entering all of the data requested on this sheet.
2. Launch a browser window and Google the term "Google keyword tool." As of this writing, it can be found at: <https://adwords.google.com/select/KeywordToolExternal>

How would you like to generate keyword ideas?

Descriptive words or phrases  
(e.g. green tea)

Website content  
(e.g. www.example.com/product?id=74893)

Enter one keyword or phrase per line:

Use synonyms

Type the characters you see in the picture below. ?

Letters are not case-sensitive

[Filter my results](#)

- a. Enter the keyword(s) or phrase(s) you'd like to analyze. Enter the "captcha" phrase as shown on your screen then click "Get keyword ideas." You'll see the colored balls going back and forth for a minute then you'll see the results.
  - b. Make note of the average search volume for the primary phrase you want to analyze. Enter it next to the first question in the start tab within the spreadsheet.
3. Next, click on the estimates tab in the spreadsheet. Launch a browser window and Google the term "Google Insights tool." Since websites move content around without notice from time to time, it's easiest to search for the tool although here's the web address as of

this writing:

<http://www.google.com/insights/search/>

- a. Enter your phrase of choice in the Insights search query bar. Before you click “search,” make sure you’ve set the filters to match your preferences. You may want to limit things to your country for starters.

Compare by	Search terms	Filter
<input checked="" type="radio"/> Search terms <input type="radio"/> Locations <input type="radio"/> Time ranges	Tip: Use the plus sign to indicate OR. (tennis + squash) <input type="text"/> <a href="#">+ Add search term</a>	Worldwide 2004 - present All Categories <input type="button" value="Search"/>

4. Make note of the overall average in the upper right. Enter this value next to the second question of the spreadsheet’s “start here” tab.

## Web Search Volume: satellite internet

United States, 2004 - present

Totals ?

satellite internet 71

Interest over time

News headlines: [Show](#) [Hide](#)

[Learn what these numbers mean](#)



- a. Scroll over the line within the graph and enter each month's value for the corresponding year into the "Google Factor" chart within the "estimates" tab in the spreadsheet. This is the key to projecting future search volumes so be sure to get these values entered in correctly.
5. Go back to the starting worksheet of the spreadsheet. Enter the information about your business as you know it today. If you aren't sure of the exact figures, make an educated guess as to what they might be. While it is better to have accurate data for ROI projection purposes, estimates will work just as well. Be sure to enter a value for the lifetime value of a customer, commission, lead conversion rate (this is the number of visitors that become leads) and sales conversion rate (this is the number of leads that eventually become customers).
6. If you are currently paying for SEO services through a third party or someone in-house, enter the monthly total you spend into the sheet next to that question.
7. Finally, head on over to Google's Traffic Tool to get some CPC (Cost Per Click) information for your keyword phrase of choice. Note: if you don't have an AdWords account, the tool won't give you average cost data. Same thing with the keyword tool—it'll give you graphs

1. Enter keywords, one per line:

keyword = broad match  
 "keyword"= match exact phrase  
 [keyword]= match exact term only  
 -keyword = don't match this term

Set optional individual CPCs using this format:  
 keyword \*\* 0.25

2. Choose a currency. Enter a specific Max CPC for your estimates, or leave the field blank and we'll provide estimates based on our suggested Max CPC.\*  
 US Dollars (USD \$) [input field]  
 \*Suggested value should deliver ads in the top position 85% of the time.

3. Choose daily budget (optional). See estimates for the amount you want to spend each day, or leave field blank to see all available clicks.  
 [input field]

4. Select targeting.

a. Language  
 English  
 Chinese (simplified)  
 Chinese (traditional)  
 Danish  
 Dutch  
 Finnish  
 French

b. Location Targeting  
 Countries and territories - choose countries  
 Regions and cities - choose states and regions and/or enter cities  
 Customized - enter a radius and address or coordinates

c. Countries  
 Available Countries and Territories  
 All Countries and Territories  
 Australia  
 Austria  
 Belgium  
 Brazil  
 Canada

Selected Countries and/or Territories  
 [input field]

[Add >]  
 [< Remove]

[Continue >]

for the average traffic versus specific numbers. You can get to the traffic estimator by clicking the link below:

<https://adwords.google.com/select/TrafficEstimatorSandbox>

- a. Enter the keyword(s) or phrase(s) you wish to analyze. Be sure to add something into the countries and territories section then click "Continue."
8. Enter the average cost per click for the keyword phrase you're analyzing in the spreadsheet. Enter this within the "start here" worksheet next to the CPC question. Your analysis should be complete. Review the numbers within the various tabs to make sure everything calculated correctly. If you want to do some "what if" analysis, head back to the "start here" tab and enter the numbers you want to analyze. What happens if you increase your lead or sales conversion percentage by half a percent? What would happen if you raised prices 5%? While this is an SEO & PPC analysis tool for the most part, it can also be used to analyze some portions of your business especially your marketing.

## SUMMARY

While this is a very basic overview of the potential value of a top search ranking, you can easily see from the analysis that a top ranking website can provide tremendous value to your business when comparing paid search advertising with organic search optimization. Factor in your market's typical selling price and the likelihood that you could close *at least* one more deal in a year's time, and the value of a high ranking site takes on greater importance.

Given today's struggling economy, it's logical to imagine more and more home buyers and sellers turning to internet websites to locate an agent and research properties before taking action in order to save money and make more educated decisions.

This analysis and example begs the question "will your site be one of the sites your desired target audience will discover?"

# BIOGRAPHY OF ROGER BAUER

**R**oger Bauer is President and CEO of SMB Consulting, Inc., a firm that provides savvy strategic marketing services and guidance programs for small to medium sized businesses. Roger is a prolific author and frequent speaker on internet marketing strategies and tactics to help companies achieve exponential growth. His national reputation as a thought leader exists because he combines complex theoretical and conceptual strategies with highly practical, simplistic, implementable solution-based thinking.

His unprecedented review and synthesis of hundreds of marketing studies, articles, books, podcasts, videos, events, and expert led training programs form the basis for his acclaimed marketing consulting services. Roger's track record of success along with his experience training and coaching a number of entrepreneurs and small business owners make him an increasingly sought-after consultant. He is the author of several eBooks, reports, and articles based on business strategy, marketing and search engine optimization.

In 2008, Roger created the "[Search Engine Ninja](#)" training program to provide small business owners, high performing sales representatives, and independent contractors with the skills necessary to accelerate their websites' positioning within the major search engines such as Google.

In 2009, Roger created a program entitled the "[Twitter Traffic Tornado](#)" which provides training on the skills necessary to build awareness and grow sales through Twitter, one of the hottest social media platforms on the market today.

Also in 2009, Roger began work on a program entitled the "[List Samurai](#)" which will provide the inside secrets and step-by-step guidance necessary to generate consistently qualified sales leads to build a profitable house marketing list that will pave the way to exponential sales growth. The program is scheduled to be released during the fourth quarter of 2009.



The client list for [SMB Consulting](#) includes several real estate agents, restaurants, salons, business coaches, and independent contractors for various industries. Their client base is nationally located throughout the United States of America, and the firm is located in Louisville, KY.

Roger holds a B.S. degree in Business Administration with Emphasis on Computer Science from [Sullivan University](#) in Louisville, KY and an A.A.S. degree in Computer Engineering Technology from [Sullivan College of Technology and Design](#).

You can connect with Roger in any or all of the following ways:

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