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TECHNOLOGY

## Revving Their Search Engines: SEO Fuels Race For Web Traffic

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Posted 09/03/2009 07:10 PM ET



As Google and other search engines play a bigger role in directing Internet traffic, companies are turning to a technique called search-engine optimization to rank higher in search results, saving money on search ads. [View Enlarged Image](#)

long term, it's more economical for us to get the organic search results than it is to just continually pay for the clicks."

As Google and other search engines become a bigger source of Web traffic, companies are scrambling to eke out any search-ranking advantage they can get.

In a Google (GOOG) search Thursday for "Labor Day sales," retailer Macy's appeared first, well above a handful of other stores on the first page of results and in hundreds of other stores pitching holiday promotions in print and TV.

It was no accident. A job description on Macys.com for a marketing manager includes "optimizing organic search relevancy" for Macy's (M) online properties.

Because Web searchers are far likelier to click on the first few results of a search query, a site's ranking can mean the difference between thriving online and falling far behind rivals.

EBay (EBAY), whose sales depend on Web traffic, was one of the first big e-tailers to talk about its SEO efforts. The firm said that in 2005 it began throwing "considerable effort" into getting eBay auction listings into search results.

"We've been optimizing our site content for this unpaid or 'natural' search," wrote Bill Cobb, who headed eBay's North American business, in a 2006 Web posting.

With competition so intense, few companies are willing to detail their SEO strategy publicly.

Nobody wants to give rivals any glimpse of marketing strategies, says Andrew Lovasz, vice president of search marketing for Moxie Interactive, an interactive marketing agency whose client list includes Verizon, Nestle, Jenny Craig and 20th Century Fox.

"It's definitely a competition sport," he said, declining to say which of his clients use SEO.

Nobody is staying on the sidelines, says Russ Mann, CEO of Covario, which makes software for tracking ad campaigns.

Of Covario's 75 Fortune 500-sized clients, 65 are using its SEO services — and the rest are probably doing something similar through their traditional media agency, he says.

Procter & Gamble (PG) works with at least two SEO agencies globally, he adds.

By 2013, companies in the U.S. will spend \$3.8 billion on SEO programs, up from \$1.5 billion last year, says eMarketer, a research firm.

That's a fraction of the \$18.3 billion eMarketer figures companies will spend on search ads in 2013, but represents faster growth.

In a June survey of 172 advertisers, 55% ranked SEO as a top method for marketing products and services, second only to search marketing at 65%, says the Association of National Advertisers, a trade group.

But does SEO work?

Internet users who search for "California Dairy Council" or "California nutrition education" on Google, Yahoo (YHOO) and Microsoft's (MSFT) Bing now see the Dairy Council's site at or near the top of query results.

That lofty standing helps the site draw in more visitors at a fraction of the cost of paid search advertising.

The Dairy Council still buys search ads, only a lot less of them.

Companies have jumped on the SEO bandwagon to grow more efficient in tough economic times. Some have shifted some of their ad spending to SEO, says MoreVisibility's Wetzler.

"For clients who are extremely budget-constrained, SEO presents an avenue to gain some traction on the search engine results pages that you don't have to feed in the same manner that you do for paid search," he said.

Even as many companies slash their ad budgets amid the recession, SEO projects often are the last to get axed, if at all, says Dave Bascom, chief executive of SEO.com, an Internet marketing firm.

"Our clients are pulling back on a lot of their offline stuff, but they are not pulling back on their SEO," he said. "In fact, some of our clients are putting more into their SEO."

Some of the SEO demand comes from companies that have had success with paid search ads and want the benefits of appearing high in regular search results, says Moxie's Lovasz.

"When they get a little bit of a taste for how important and how effective search marketing traffic is, that just brings them to asking the question: 'How can we maximize our natural search presence?'" he said.

The SEO process never stops. Companies must constantly tweak their Web sites to stay on top of search results, a reality the Dairy Council's Garen knows all too well.

"Right after we started working with MoreVisibility, Yahoo changed its (search) algorithm, so we lost a lot of traffic from Yahoo," she said.

If SEO is so effective, why buy search ads at all?

Some firms do forgo paid search, but that's rare, says Covario's Mann.

The SEO-only crowd tends to include large, well-known companies that don't sell through retail, and niche-focused, business-to-business sellers, he says.

SEO-only approaches are also tempting for smaller companies looking to save, says SEO.com's Bascom. But such plans rarely last long.

"Some do it for a while, but they come back if a competitor gets ahead of them (in search results)," he said. Relying on SEO alone can be risky.

"If a search engine's algorithm changes, and your site doesn't show up anymore and the phone stops ringing, you are not going to be prepared to make up for it with a paid search initiative," said MoreVisibility's Wetzler.

Major search engines insist that buying an ad won't buy a higher ranking in regular search results. But appearing in both areas doesn't hurt, says Drew Mertherd, senior marketing manager for financial services firm Morningstar.

The company began ramping up its SEO efforts last year, but still buys search ads.

"If you are on the page twice, you are going to get a higher click-through rate," he said.