

How Do I Budget For SEO?

If you are reading this document, you probably are already looking at having SEO work done for your website. You may have already seen a few quotes, and if you have then you are probably wondering why they differ so much in price, why there are setup costs involved, and why there are ongoing associated costs.

I'm not going to cover great detail regarding SEO here - there have been many books written on the subject, some of them exhaustive. This document is intended as an overview of the kinds of things that people do in order to promote website traffic, and some of the costs involved (and why things cost what they do).

I will also try to document some of the experiences that I have had working in coordination with people who are experts in various areas of SEO.

The first thing to bear in mind is that SEO is not a single field of endeavour.

When somebody refers to SEO they may be discussing a large number of different kinds of activities to promote your website, each of them involving different kinds of work and differing costs. I'll cover a few examples of SEO-type activities below, along with roughly what the going rates are.

The second important issue is that SEO is very much like a “real world” marketing campaign in a lot of ways.

There are plenty of TV spots that cost millions of dollars to produce and do not earn back the amount spent. Conversely, I've seen some cheap, and rather primitive advertising campaigns that were exceptionally effective.

What that means is that a) to some extent you get what you pay for, and b) you'd better have some idea of what you're trying to achieve in the first place.

If you don't bear those two points in mind, you're likely to spend a lot of money with little effect.

On the other hand it is also possible to have an effective SEO campaign that does not cost too much.

Your take-aways:

- a) Start with a budget
- b) Set precise goals

1. What's My Goal?

A good place to start is by setting some specific goals:

- a) I want to have x visitors to my website per month, or
- b) I want to make y sales off of the website per month.

This will allow you to be able to measure how well your campaign is working.

Some good rules of thumb:

a) For text ads on various websites (including Google's Adwords), only a percentage of people who see the ad will click through. The highest I've ever seen was around 10%. Usually 2% - 4% is doing very well.

b) For each person who actually clicks on your website, again only a percentage will buy something.

The "conversion" rate for a website varies a lot based on industry, as well as how well the website markets your product.

The highest I've ever seen over a sustained period of time was around a 10% conversion rate - and that was for a niche industry with few players.

If you punch the above percentages into a calculator, you should be able to get an idea of where your break-even point is with something like Pay Per Click campaigns, or a monthly link building project.

Again, bearing in mind the numbers above, the best results I've ever seen have been in a case where one out of every hundred people who see an ad proceed all the way through to the purchase process. Usually its a lot less than that.

What's that mean?

Well if your goal is to sell 1000 widgets at a cost of \$10 each, then that probably means that you will need 100,000 unique visitors per month to your website, or roughly 3,500 unique visitors per day.

Furthermore, in order to hit those kinds of numbers, you'll need to place links to your site in sufficient quantity that 10 million people see them every month!

And for all of that, if you are paying 10 cents per click, those widgets are going to cost you as much in PPC costs as you will get back from selling them. ($\$0.10 \text{ per click} \times 100,000 = \$10,000$)

This is why you need to have a firm idea about your goals, and a good understanding of your margins.

The above isn't an argument against pay per click, by the way. It just needs to be done correctly.

2. What's It Cost?

There are two kinds of costs associated with an SEO or traffic building campaign.

Firstly, labour. Many of the activities listed below are extremely labour intensive to carry out. The cost of doing so translates directly into somebody's hourly billable rate.

Secondly, there are all kinds of incidental costs - if you want to run a Google AdWords campaign, for example, there is a set rate that you are going to have to pay per click.

There are similar costs associated with issuing press releases through reputable content syndicators, as well as for buying high quality links to your website from other sites.

So how much does it cost?

That all depends on your budget. If you start with a dollar amount that you are willing to spend each month, you can easily figure out from the information below what you are likely to achieve with your campaign.

I'll put together some sample SEO campaigns at the end of the document as well, based on actual experience.

3. Types of SEO Activities

There are a large number of different kinds of things that you can do in order to promote your website. The following is a sampling of those activities, but is not intended to be exhaustive.

a) Attempt to increase Google PageRank

A large chunk of SEO related activity revolved around trying to get a website to the top of the listings produced by a search engine when people look for a specific term. One of the factors - primarily for Google - that influences where websites show up, is called PageRank.

There are a number of ways to build up your website's PageRank, but they essentially boil down to building links into your site from as many quality websites as possible. Some sample techniques used are:

i) Purchasing links on bid directories. These are websites that typically have a high PageRank themselves, which permit a small number of other websites to purchase links back. The process is based on an ongoing auction - you pay for your link to appear at a certain position on the website, and over time other people will bid higher than you, pushing your link down the page (and eventually off it). You also have the ability to add to your bid, allowing you to move back up. Typical first page, high PageRank bid directory links cost anywhere from \$10 to \$50 per site. A typical bid directory campaign could involve purchasing links on 30 or 40 directories over the course of a couple of months.

ii) Purchasing links through an ad publisher. There are a number of companies that control ad spaces on very large numbers of associated websites. These websites are classified based on themes, with the goal being to carefully establish your site as being a premier website within its specific topic. Ad publishers of this sort usually “rent” out links on a monthly basis. This is an expensive but extremely

high impact form of SEO work. A typical budget for a link back to your website from one topical site can vary from \$10 per month up to several hundred dollars per month (for sites with very high PageRank). Usually though ad publishers don't want to deal with websites that are only looking for a small number of links - they expect to see a budget of at least one thousand dollars per month, with a minimum term of three months. Again, this is an extremely effective but highly costly form of SEO - think of it like being the national TV advertising campaign of SEO.

iii) Manually submitting your website to directories. I have several lists of free (or in some cases cheap) directories that allow websites to be submitted - usually to a specific category. There are a large number of such sites, and it is possible for somebody to spend months just typing in your website into directories. There are a number of issues with this form of SEO, but it can still be a very viable way of building links to your site slowly over time. I mentioned issues: many of these websites insist on a link back from your website to them. This tends to be counter-productive, and can actually result in your website having a lower PageRank. The process tends then to involve somebody slowly going through massive lists, looking for appropriate sites to submit to.

iii) Blog related. Most blogs these days have RSS feeds, which are a way of outputting the blog entries in a manner that is readable by computers. There are large numbers of directories of blogs (similar to general purpose directories above) to which the RSS feeds can be submitted. In addition, bloggers have a tendency to comment and cross-post on each other's blogs. A well managed blog can attract significant amounts of traffic. If your website has a blog, this can be a useful and relatively high impact way of building links to your website. Bear in mind that not every kind of website lends itself to blogging. A poorly run blog is probably worse than no blog at all.

b) Pay Per Click (PPC)

The best known pay per click vendor is Google's AdSense program. Pay per click can be an effective way of driving likely customers to your website. It is somewhat different from a "true" SEO campaign, because the objective isn't necessarily to raise your website's visibility in the main search engine listings.

The way pay per click works is via your setting an amount that you are willing to pay when somebody clicks on your ad - so this is like an auction, because where your ad shows up depends on how much other people are willing to pay.

The concept of pay per click is very simple, but in practice setting up up correctly can be complicated. This means that many people go to specialist companies to assist them with PPC.

Usually when somebody charges you to run a PPC campaign for you, the cost is broken down as follows:

- i) The setup charge, which is a one time fee for the labour involved.
- ii) Ongoing costs for checking how the campaign is doing.
- iii) The underlying cost per click. It is common for companies who specialize in PPC campaign management to charge a premium on top of the cost per click, instead of charging a monthly cost for keeping an eye on the campaign.

Although Google is the largest (by far) vendor of pay per click ads, there are similar programs run by other companies, including Yahoo and Microsoft. Some of them may be cheaper, although less likely to provide large numbers of visitors.

Rule of thumb: PPC costs can run from as low as \$0.10 US per click, up to around \$20 US, depending on industry. If you know your margins, you can probably come up with a rough cost that you are willing to pay in order to acquire a new customer. You should divide this number by a margin of error, because only a percentage of people who arrive at your website by clicking on your ad will actually buy something.

c) Other ways of driving traffic to a website

There are countless ways to market a website, including simple things like putting your URL onto your business cards (you would be surprised at how many companies don't). There are a number of areas though that SEO companies tend to gravitate towards.

i) Social media. You are probably familiar with websites like Facebook. There are literally hundreds - maybe thousands - of similar websites that allow you to create a profile for yourself and talk to other people.

Simply creating an ad for your website on these sites is an ineffective way of promoting yourself. For one thing, many users of social media websites do not like being “spammed”, so it is critical to be sensitive in terms of how you go about marketing yourself on such sites.

A social media campaign relies on experts who are familiar with how particular websites work, in order to create market buzz for your site. Some companies have had incredible success using sites like Twitter - HubSpot.com, for example, has online seminars that are sometimes attended by tens of thousands of people. They promote themselves primarily through Twitter.

It is also possible to accomplish SEO goals through social media sites as well. Although most such sites are designed to make links back to your website not count (using something called a nofollow tag), which means that they won't directly influence your PageRank, your profile on such a website may rank highly by itself in a search results page. By creating a large number of such profiles, you can flood the results for specific search terms with listings that you control. This effect is often used to great effect when trying to combat negative listings about a company or person.

With regards to costing, a social media campaign should be based purely on the number of hours that somebody is going to invest into creating high quality profiles for your company.

There is also a preparatory phase required first - you'll need to get your photos and logos and sales pitches into a form that the SEO people can use. More on that below in the section on press releases.

ii) Blogging. I mentioned a bit about blogs before.

A blog can be the central factor in creating a community around your company. By providing regular, quality commentary about topics of interest to people who would also be interested in your product, you can potentially attract a wider and more enthusiastic audience than you anticipated.

Blogging is hard work though, and if you intend to do it well, you should be prepared to spend a big chunk of time learning the art.

Where SEO experts come into the picture is that a quality blog can provide a number of different starting points for building traffic to a website, of which RSS feeds are only one of them.

iii) Press releases. The art of crafting a good press release started to fade away in the 80's and 90's. Interestingly enough, the ability for a press release to travel widely when issued on the internet has led to a resurgence of this art.

There are a great many venues for publishing press releases on the web, some of which are free, while others cost money. The most effective one that I have found is prweb.com; they have a variety of different prices based on coverage, but their \$200 SEO package can - in my experience - create a lot of noise.

Regularly issuing press releases whenever something newsworthy occurs (and possibly even when there is little to say!) is an excellent strategy for SEO.

iv) Banner ads. Purchasing banner ad space is an often overlooked method of building traffic to a website. The key is to shop around for deals. There are times when this can be an effective - and surprisingly cheap - way of marketing your site.

v) Modifying your website. This is the way everybody used to do SEO work, back in the day. Don't get me wrong - there are things you can do on your website that can either aid or detract from your ability to market it. If you are using a software CMS package to run your website, chances are that the basic stuff has already been taken care of. Some things to check for: a) does your website have fairly clean html markup that is easy to read? b) Does each page on your website have a different title? c) Does your website use structured header tags? d) Does it use well structured navigation? e) Do images have alt tags? f) Do links have descriptions?

vi) Talking nicely to search engines. The big search engines provide many different systems for sending them additional information about your website. In particular, Google Analytics and Google Sitemaps may provide your website with some advantages when trying to improve your ranking. MSN and Yahoo also have similar systems. They're all relatively quick to set up, and may have some positive payoff.

4. Some Sample SEO Campaigns

I've been privileged to be part of the team on a gigantic SEO campaign over the past few months. The company in question was trying to combat negative press (I did my research, and they were mostly not at fault in this case), through a massive counter-campaign. The campaign involves five separate specialist SEO companies working together, and the budget has run as high as \$30,000 per month at times.

Who does what?

- Content creation and publishing - one of the companies has focused on creating many slightly different versions of the same content (in order to prevent search engines from thinking that two different pages with the same content are actually the same page). This content is then published on a large number of pages (including some social media websites).

- Link building through bid directories - a second company has created a small number of specialised websites that are intended to rank highly for specific search terms. These sites are primarily promoted by purchasing hundreds of links from bid directories.
- A third company specializes in getting websites - typically bulletin boards - to remove slanderous content. This requires maintaining a cordial relationship with the websites in order to avoid antagonizing them. Specialist legal knowledge for the jurisdictions involved also comes into play.
- My company has been involved primarily in the area of social media - building active profiles for the company on many websites, creating interconnected buzz through Twitter, issuing and then promoting press releases, and creating high quality blogs.
- The last company - and probably the most expensive - is a link syndication specialist. They provide large numbers of topical links to the content created by the other companies, in order to boost their PageRanks. This has involved a monthly fee of around \$10,000 for close to 1,000 links, spread among a number of websites.

Now it isn't necessary to spend money on these levels in order to promote your website. A budget that covers one or two hours per month of somebody's time will eventually have some kind of payoff - they could do something as simple as gradually submit your site to as many directories as possible. You're unlikely to build huge quantities of traffic that way, but on the other hand this approach may perfectly match your specific goals.

An intermediate budget of \$1000 to \$2000 per month can provide the following:

- Regular press releases with wide coverage whenever your company does something interesting. At \$200 per press release, prweb.com can provide your press release with some punch. Their press releases typically make it to large news aggregators like Yahoo News, which can provide a further platform for promoting the release.
- A concerted effort to build free links to your website through directories, blogging, social media (i.e. Facebook, Twitter, Digg) etc.
- A small number of focused, high PageRank links that are purchased on either a bid or monthly rental basis. These tend to run anywhere from \$10 to \$40 per link for bid directories on a one time basis (you may need to periodically add money to your bid to keep on the front page) to similar ranges for monthly purchased links. Usually the higher the quality of the site, the more the link costs.

5. Conclusions

I hope that this document will assist you in understanding what exactly you're getting into when it comes to putting together an SEO campaign. This is an extremely high level overview of what goes on in SEO, and as usual "the devil's in the details". And there are a *lot* of details. If you have any questions regarding the topics covered, please feel free to contact me. My email address is jeremy@lichtman.ca.

6. Sample Tables For Budgeting

* Assume hourly labour rates are anywhere from \$50 to \$100 per hour (and up for expert advice).

Item	One Time?	Ongoing?	Setup \$	Incidentals \$	Labour	Typical Monthly Budget \$
Bid directory link	X	(Occasional)		\$10 to \$50	< 30 min	\$100 to \$200
Link vendor		X			N/A	\$1000 and up
Directory submission		X		Most are free; some charge \$10 to \$20 to place your site.	15 min to 30min per entry, depending on complexity	\$200 +
Blogging		X	If you use hosted blog, then N/A; setting up a blog on your website can cost a few hundred dollars.	N/A	If you maintain the blog yourself, then N/A. Otherwise however many hours of labour is involved.	???
PPC		X	Depends on vendor and size of campaign.	\$0.10 to \$20 per click.	Typically billed as a percentage of your campaign budget.	Budget anywhere from \$50 per month, up to tens of thousands.
Social Media Campaign		X	Depends on size of campaign	N/A	Depends on budget.	Based on anywhere from one hour to hundreds of hours per month.
Press Releases	X	X		\$200/release for PRweb.com / other sites may vary.	1 - 2 hours to prepare the press release and format for PRweb.	Good idea to do one per month; assume total budget of \$300 per release, including labour.
Modify your website to be SEO friendly	X		Anywhere from \$250 up to thousands, depending on complexity of website.	N/A	\$varies	N/A