

## **BACKLINKS ARTICLES**

### **HOW TO CALCULATE THE MOST ECONOMICAL FORM OF ONLINE ADVERTISING FOR YOU.**

As 99% of online traffic goes no further than Google page 1, what you are calculating is the cost to you of being on Google Page 1, if what you want is the access to the highest number of potential buyers

#### **Your two advertising options are:**

1. An Adwords or PPC Campaign that gives you placement on the right hand side of Google Page 1 in the paid ads box on page 1.
2. Or you appear on Google Page 1 in natural search.

#### **Which advertising method gives you access to the most potential buyers**

Research shows only 21% of searchers click on Adwords ads. To calculate what that means in specific numbers of potential buyers, a guesstimate is usually made of 10% of the total number of searchers for a particular product.

#### **How to find out how many potential buyers there are for your product**

People find what they are looking to buy by typing a search term in Google. It might be 'dog collars' or 'Lamborghini cars', 'football jumpers' or 'antique ice skates'.

Terms which are broad such as dog collars or football jumpers are what is called generic search terms or keywords and those that are qualified, such as Lamborghini Cars and antique ice skates are what is called niche search terms or keywords.

There's an online tool <https://adwords.google.com/select/KeywordToolExternal> which is very useful. It will tell you the following

- How many people monthly are searching for specific search term. .
- The approximate cost of having an adword ad on Google page 1.

The tool can be adjusted in the following ways to give the data you need

1. On the left above the inquiry field to be filled in is a blue EDIT button. When you click it a list of countries comes up. Click on Australia and you will get results specific to Australia.
2. In the appropriate box, type in the search term you're interested in. Then type in the control code that appears and finally press FIND KEYWORDS. The programme will think for a minute then produce a long list of keywords with the one you typed in and variants on it. Beside each word will be various columns. The one you pay attention to is LOCAL SEARCH VOLUME.

3. Once the results come up you can pay attention to how they are displayed.
  - a) Make sure the CPC (Cost Per Click) will be displayed in AUD. See appropriate box on left hand side above results.
  - b) On the right hand side there is a box headed CHOOSE COLUMNS TO BE DISPLAYED. From the options choose SHOW ESTIMATED AVG CPC. This will show the cost of purchasing an Adwords ad for your search term.
  - c) On the far right above the results is a box headed MATCH TYPE. Choose EXACT. This means the results you get will be for when people type in that exact search term, which is the most useful number for your calculations.

Here's a number of examples to show the cost of the two forms of advertising and how many potential buyers you have access to with each search term.

Below there is a comparison between an Adwords advertising campaign and a campaign to rank for specific search terms.

The statement that 99% of searchers will not search beyond Google Page 1 has been validated from a number of sources and is accepted by online marketers as accurate. There is also research that shows people search differentially on Google Page 1. The top three rankings receive more traffic than the bottom 7. Therefore when estimating the amount of additional traffic to a specific website it's overall position has to be taken into account. However it is beyond dispute that all sites on Google Page 1 receive gain access to all but 1% of search traffic for specific terms.

In estimating the number of people who click on Adwords, there are widely varying ways of estimating the traffic. It is accepted that of the Adwords that appear on Google Page 1, they receive 21% of the traffic. This doesn't indicate how many click on specific ads. We have chosen the figure of 10% in making our calculations. We cannot claim any validated accuracy for this. It's our best guess.

How many people use Google Search rather than use other search engines is very well established and is tracked regularly. In the USA 72% of people search Google, In Australia it is 80% and in parts of Asia and Africa it is close to 100%. The number who use Google is trending higher month by month. Therefore in focusing on Google search, we are focusing on the majority of people who search online.

## **Estimated cost of advertising**

For the term 'dog collars'

**Numbers searching monthly:** 18,100

**Number who will search on Google page 1 in natural search:** 17,919

**Cost of being on Google page 1 using Backlinks campaign:** \$500 monthly

**Estimated number who will click on an Adword ad: (10% of all searchers)**  
1810

**Cost per click for an Adword ad:** \$2.21

**Cost of an Adword campaign:** \$4,000, 10 monthly

**Access to potential buyers with Backlinks campaign:** 17,919

**Access to potential buyers with Adwords campaign:** 1810

For the term 'football jumpers'

**Numbers searching monthly:** 1,600

**Number who will search on Google page 1 in natural search:** 1,584

**Cost of being on Google page 1 using Backlinks campaign:** \$500 monthly

**Estimated number who will click on an Adword ad:** 160

**Cost per click for an Adword ad:** \$0.83

**Cost of an Adword campaign:** \$133 monthly

**Access to potential buyers with Backlinks campaign:** 1,584

**Access to potential buyers with Adwords campaign(10% of all searchers)**  
160

For the term 'Lamborghini cars'

**Numbers searching monthly:** 8,100

**Number who will search on Google page 1 in natural search:** 8,019

**Cost of being on Google page 1 using Backlinks campaign:** \$500 monthly

**Estimated number who will click on an Adword ad(10% of all searches)** 810

**Cost per click for an Adword ad:** \$0.93

**Cost of an Adword campaign:** \$753,30 monthly

**Access to potential buyers with Backlinks campaign:** 8,019

**Access to potential buyers with Adwords campaign:** 810

.These calculations show clearly that appearing on Google page 1 supported by a Backlinks campaign will always give the advertiser access to many more potential buyers.

**If advertising costs are calculated as cost**

## HOW CUSTOMERS FIND YOU ONLINE

The internet is the biggest market ever, and the gateway to that market is the search engine. The only way people can find what they want amongst the billion plus websites online is to type a search query into a search engine

Search engines then list all sites using the search term used. But people do not search all sites that come up.

Research shows clearly that people rarely search past Page 1 and 2 of a search engines results. But there is an additional fact about online search that has to be taken into account.

There are 5 major search engines, but the most popular by far is Google. Google gets 80% of search in the USA, 90% in Europe and 95% in Australia.

With Google getting so much search, then being listed on Page 1 of Google is what is important rather than being on page 1 of any other search engine.

One of the great characteristics of buyers online is that they 'demonstrate themselves' providing instant market research for online sellers.

All search phrases typed into search engines are recorded and it is very simple to find out what customers are interested in. Search phrases are called keywords and Keyword research is the basis of all internet marketing.

Online marketers use keyword research tools to find out the daily or monthly search volume for specific services, products or information and base their marketing on those figures.

The ranking a website has in Google natural search is determined by a the variety of ways in which the keyword phrase relevant to that website is used in the website. [There are 2 types of website ranking in 'natural search' and in 'paid search'. The following discussion is about natural search]

If an online marketer wants to sell 'model cars' online he or she can find out how big the market is by keyword research. Google has its own keyword research tool telling you how many people search for model cars online per month.

Research shows there are 368,000 people in the US selling 'model cars' online. This is a lot of searches. How will you beat your competition to those all important spots on the first 2 pages of the search engine if you want to sell model cars? If people don't find your search, they can't buy.

**Ensuring you are on Page 1 of Google, is the most important part of getting online sales or leads.**

While there are a number of elements that determine your listing on Page 1 of Google, the number of backlinks to your site is the most important factor.

Of the 6 elements important in being listed on page 1 of Google, you can get 5 of them right but without sufficient backlinks to your site you will not rank.

Search engine rankings are a popularity contest. The number of backlinks are the number of votes for your site. Without them you have no popularity and no Page 1 ranking

Because online marketing is not well understood, people wanting to sell online often put all their emphasis on putting up a website. That is important BUT being ranked on Google Page 1 is more important. No visitors, no sales.

If you want to make a living online or supplement the earnings from a physical store then your ranking in Google search is THE important element.

## WHY CUSTOMERS NOW LOVE BUYING ONLINE

For years offline customers had their buying experience managed by providers of products and services.

How ? In a word, inventory. It's impossible for most physical businesses to provide the fullest possible range of good and services. They either don't have enough time or enough space, so they offer a small proportion of what is available.

In the past, if you were interested in a particular engine part or a specific book or needed some rare gilding done, getting what you wanted might have been difficult or impossible.

With the internet all that is in the dustbin. Suddenly the whole world is a marketplace. Markets which didn't exist before can now flourish because the number of customers is no longer restricted by space or time.

This is not just good for customers it is great for large and small businesses as well. As a supplier of Fiat parts for cars made between 1950-70 you would have had a small offline clientele. Selling your goods on the internet means you have access to ALL people worldwide interested in just what you are selling.

For buyers it is an incredible boon. If you are interested in a specific book you can quickly find out if it is available and where. If it is a rare book you can compare the prices at which it is being sold. And you can usually check up on the booksellers approval rating from customers so you know you are dealing with a reputable merchant.

If instead of a rare book, you are interested in the latest piece of digital technology the same applies. You can find out who is selling and at what price. You can go to online reviews and check whether Brand A is better than Brand B. You can literally pick your price, within limits, opting to buy from an auction site so you are literally competing against other buyers instead of buying at a fixed price.

If you re interested in a professional service as opposed to a product you can make sure you get the best the market has to offer. You do this by researching online before seeing your doctor, accountant or lawyer or before choosing your mechanic, house painter or landscaper.

**The online customer is the best informed customer of all time** and the most discerning. The customer is indeed now king or queen of his or her buying domain.

For all of these reasons the online market is increasing by 19% per month worldwide. And 99% of buying decisions are researched online prior to a purchase being made. That's right, 99%.

Some customers are still reluctant to buy online even if they research online, worried by the possibility of fraud. Enter PayPal. PayPal provides secure online payment for both buyers and sellers and guarantees the security of the payment, refunding any money customers lose due to fraud.

If you are particularly concerned, it is also appropriate to maintain a debit card account into which you transfer money any time you want to make a purchase and which is otherwise left empty. Naturally the process of transferring money into and out of accounts can also be done online and very securely indeed if your bank provides a transaction specific security keypad as many banks..

Customers like buying online because they can get what they want, easily, at the best price available and they can make a highly informed buying decision. With 99% of purchases now researched online **the internet is now the primary shaper of customer buying behaviour.**

## DIFFERENT FORMS OF ONLINE MARKETING

With such a huge and growing online market, the type of marketing focus that used to be directed towards print, TV and radio marketing is now directed towards 'catching customers' online.

The differences however are considerable. Offline marketing has always been directed to a passive audience

Online customers are however, an active lot. Research shows they quite successfully ignore online advertising which is just like traditional offline advertising in form. Think pop up boxes and those brightly coloured ads which appear on large, popular sites like newspaper sites. People either don't 'see' them or they close them down.

Successful online marketing depends quite crucially on understanding how people behave online, how they search, what they respond to and what provokes a 'buying catastrophe'. A 'buying catastrophe' is when an online visitor either immediately or after some investigation of a website, clicks off without buying

There is now a raft of new professionals, expert in various aspects of online behaviour.

The most widely known is the Search Engine Optimization (SEO) expert, the person who can gain a listing for a website on Google pages 1, 2 or 3. Since website won't get ANY visitors without being on page 1 or 2, a good one is highly prized.

There are also various sub categories of SEO work:

- placing and monitoring Pay Per Click ads the paid ads which appear on the right hand column of each page of search results
- conversion rate optimization, which is ensuring everything about how a website operates is optimized to support a positive buying or contact decision.
- website usability experts, who have at their finger tips all the research about what customers do and don't like about the experience of being online. They set up websites to meet best practice and then test the website with customers.
- web page optimization, which is streamlining content to maximize display speed

The search listings which appear on the left of the front page of a search engine are called natural organic search results to distinguish them from various forms of paid advertising that also appear on search engines and on websites.

Google, the search engine with 80% of online search, has pioneered several forms of paid online advertising.

The first is Pay Per Click (PPC) advertising or Adwords advertising, which refers to paid ads listed to the right of the organic search results. These ads are priced on an auction system with the winning bidder getting a listing on the magic selling pages 1 or 2.

Advertisers pay a lot for a Page 1 ad for a very highly competitive keyword. For the keyword 'hair transplants' you will pay \$15.15 per click in Australia and \$14.69 in the US. With 1000 searches monthly in Australia and 27,100 in the US this is a very expensive form of advertising.

For the keyword 'model cars' you will pay only 85c per click but with 49,500 searches monthly in Australia and 245,00 monthly in the US it could also prove costly if a lot of people clicked on your ad.

The second form of Google advertising is AdSense ads, ads which are placed on websites and which earn the website owner a fee for each person who clicks the ads.

Both of these forms of ads have some success but over time it has been shown that a good placement in organic search will outperform both PPC and AdSense ads. In fact research shows only 21% of online searchers click onto paid ads.

However organic search, PPC and AdSense ads are not the only forms of marketing on the web.

Recently there has been a huge rise in Social Networking sites. These sites allow people to interact with each other, recommend products or services, discuss music trends, health issues or whatever is important to them. These sites have large memberships and a lot of traffic. These characteristics guarantee a good search engine ranking because traffic and constant new content boost the popularity of a website.

So online marketers now use these sites extensively to promote products and services. An article placed on these sites, using the keywords relevant to what is being sold will then piggyback on the popularity of that site and gain a higher ranking than would otherwise occur.

Also sites such as Facebook, YouTube, MySpace, Twitter and others enjoy a high ranking for the same reasons, large numbers and constantly changing content, so people market through these sites too, with chatty input and highly popular video segments.

Research shows the most successful online marketing is now closely tailored to the needs of very tightly defined target groups. Such marketing is impossible offline because there is insufficient local demand for niche products. But the size of the online market makes this easy. And customers love it, they feel special, their needs are fully acknowledged and catered to and as a result they buy and buy.

A niche market might be 'clothing for tall older men', 'training exercises for very small dogs', 'gluten free thanksgiving recipes'. You get the idea, selling product to a group whose needs would normally be overlooked in a broader offline market.

The online market while still growing and developing has now demonstrated itself sufficiently to know what works and what doesn't in online marketing and advertising.

**Getting a Google Page 1 placement in natural, organic search has been shown to be the most economical form of online marketing.** Remember 99% of searchers don't go past Page 1, so you get the bulk of online searchers with this result.

With paid PPC ads you can guarantee yourself a page 1 placement on the right hand side of the page, but research has shown only 21% of people click these paid ads. In addition they can be very costly and the minute you stop advertising the ads disappear.

Marketing through social networking sites can be very effective but it's subject to the vagaries of online fashion. One minute you're top of the pops and the next you're nowhere.

The tremendous value in getting a good placement in organic search is that people who come to your site are deliberately searching for exactly what you offer so they are what marketers called 'qualified leads'. If they type in 'jaguar model cars' and that is what you sell, there is a perfect match.

## **LATEST RESEARCH ON WEB USAGE, ONLINE SEARCH BEHAVIOUR AND ONLINE BUYING BEHAVIOUR**

### **What people search for:**

Go to <https://adwords.google.com/select/KeywordToolExternal> This is Google's keyword research tool which allows you to find what keyword phrases people use when they search online and how many searches there are per month for each keyword phrase.

From a business point of view, the number of searches per month needs to be related to the nature and price of goods sold. If you are selling something that costs \$120,000 then a low number of searches means one thing. If you are selling something that cost \$1.35 then it means something else.

The usual formula used to calculate online sales is 1% of total monthly search. So if you are selling a highly priced product and only 1200 people are searching for it per month what would be the dollar value of 12 sales. If you are selling a product for \$1.35 and there are 450,000 searching for it each month then what would be the dollar value of 4500 sales.

### **Online searching behaviour**

The latest research on how people search online is at

<http://www.webprofits.com.au/blog/2009/02/13/how-search-engine-rankings-user-behaviour-affect-website-traffic/>

and

[http://gs.statcounter.com/#search\\_engine-ww-daily-20080701-20090608](http://gs.statcounter.com/#search_engine-ww-daily-20080701-20090608)

### **Online Buying Behaviour**

Online buying behaviour is closely studied, not least because there has been a double digit increase, usually 20-40% annually, in online sales until 2008/9. The lessening to single digit growth is because of the Global Financial Crisis and a rebound is expected. In fact research indicates a number of offline retailers, who are also selling online, are closing their physical shops and expanding their online operations because the online sector continues to grow so robustly.

Total online sales are now estimated at \$115.8 billion USD and growing.

<http://www.ecommercereport.com.au/>

<http://ecommerce-news.internetretailer.com/retailing/2008%20ecommerce%20statistics>

There are a number of proprietary market research products available on a commercial basis which provide either overall figures or figures per industry. The most highly regarded of these are the various Nielsen market reports.

## **GLOSSARY OF ONLINE MARKETING TERMS**

**SEO** or Search Engine Optimization, the process of ensuring a site ranks well in in organic search.

**Conversion Rate Optimization**, the process of facilitating a buying decision by a site visitor..

**Website Usability**, the process of ensuring a site works 'intuitively' meaning it's comfortable and easy for the site visitor to use and all of its processes perform as they should.

**PPC advertising**, paid online ads which appear on the right hand side of Google search pages

**Adsense** ads, the ads placed by Google on websites, with the website owner earning an income according to the number of people who click on the ads

**Organic Search**, the search results that are the natural or organic result of online searches using search engines.

**Paid Search**, paid advertising which appears alongside organic search results in search engine results..

There are a vast number of terms used in internet marketing. If you want a longer list than the very short one above go to

<http://www.marketingterms.com/dictionary/>