

Is SEO a Scam?

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Abstract

Search Engine Optimization (SEO) is one of the fastest growing promotional methods available for businesses today. At its core, SEO is simply a set of programming and marketing tactics designed to increase the ranking of a company's Web site in the natural results of the major search engines. Because so many people rely on search for information, the first page of a search result is, for most companies, the most valuable piece of commercial real estate in the world.

According to SEO.com, companies spent almost \$16 billion on online search marketing in 2010, a figure growing by more than 12% per year. Over 50% of companies surveyed by SEO.com expect to increase their SEO spending, and decrease their advertising, direct mail, exhibit, telemarketing and other budgets to help pay for it. The question we wanted to answer is whether such an investment was worthwhile. And what we found was that for the vast majority of companies, the answer is no.

Setting the Stage

A 7/10/11 article in the New York Times described how out-of-area companies rig Google's search results to steal market share from local locksmiths, and prey on unsuspecting homeowners. And while the existence of "black hat" methods was unsurprising to experts in the field, it raised the question as to whether *any* local business can prevail in the SEO arms race.

While Google and other search providers continually refine their algorithms to produce the most relevant results for the user, if you're a business owner or marketer the fundamental question is whether investing in more than some minimum Web site text and meta tags is worthwhile.

For example, it is well known (or, at least, believed strongly) that Google's rankings depend, in part, on the number of in-bound links to your site. And so companies are thus motivated to invest several thousand dollars, and countless hours, in arranging for reciprocal links. The question again is: Is it worthwhile?

Likewise, companies with well-defined and conventional products or services contort themselves to come up with

keywords that would raise their rankings, hoping that prospective customers will use them instead of the conventional terms. Again, the question is whether it's worthwhile to strive for a high ranking on terms no one will use.

For most companies, there are basically two choices when it comes to search marketing. The first is to follow Google's prescription for good Web site design – which can be done virtually for free. This includes using their Website Optimizer to design and test your site, and using Google Analytics to track its performance.

The other is to pay an SEO company to work its magic, whatever that is. Generally this includes:

- Setting your company up on Google Adwords (which you can do yourself, and which costs additional money)
- Submitting your Web site to thousands of (mostly unused) search engines
- Posting your site to link farms (whose link-backs Google automatically discounts)
- Posting your URL in various blogs (which don't impact search results), and
- Employing various mysterious but proprietary methods for site design, as well as SEO.

Again, the question is whether paying an SEO company to improve your search results is worthwhile. And so for this study we examined the performance of three regional SEO providers as measured by the rankings of approximately 40 accounts referenced on their Web sites.

Methodology

For this study, we assumed that if an SEO firm displayed a reference about or testimonial from a customer on their Web site, that the SEO effort was successful (otherwise, why would the client allow the SEO firm to use them as a reference?), and that therefore the customer's Web site should rank high in the natural results for its targeted keywords. In fact, since 95% of users don't look past the fifth page of results, we stopped looking after the fifth page. And although, for obvious reasons, we couldn't conduct a before-and-after study to attribute any specific delta to the SEO company, if SEO was worth the

investment then the results should be evident whether the SEO vendor was responsible for the high ranking or not.

To sensitize the study, though, and potentially highlight the effectiveness of SEO, we examined the rankings using just the company’s keywords, and then again adding the company’s city and state. This acknowledges that many companies are local; but if adding the city to the search string dramatically improves the rankings, it suggests that an incremental investment in SEO is even less worthwhile. This is because Google’s standard design prescription recommends including your company’s address on a Contact Us page and in your meta tags. More importantly, companies can’t control whether users add the city to their search string; and so it is tantamount to expecting the user to search on your company name – using search as a White Pages rather than a Yellow Pages directory.

The reference accounts from three regional SEO firms, shown in Table 1 below, were examined for their rankings on the two most commonly used search engines, Google and Bing.

Vendor	Reference Accounts
A	18
B	13
C	5
Total	36

Table 1 - Reference Accounts

To do this, each site was first submitted for analysis using the Instant Web site report tool on the SEO.com Web site. This enabled us to identify their keywords, and acquire some basic statistics. These included the following:

- Overall score – a proprietary site design measure from SEO.com, with 100 being the highest score
- PageRank – a proprietary measure from Google of a site’s relevance to the search terms, with 10 being the highest score
- Alexa Rank – a proprietary measure of traffic and reach, with 10 being the highest score
- Inbound links – a count of external links to the site

We then used the keywords on Google and Bing to see on which page in the natural search results each site appeared. The assumption was that the keywords that were highlighted by SEO.com Instant Web site report were the ones that the company intended. We also ignored keywords that were identical, or nearly so, to the company’s name, as this would imply that the user already knew the company he was searching for.

Results

As you can see in Figure 1, both the Google page rankings and the Bing page rankings appear to exhibit the same bi-modal distribution. Approximately 25% of the sites were able to garner a page one appearance on at least one of their search terms, while approximately 65% of the sites were unable to appear on any of the first five pages of results (“NA”). This suggests that either the SEO companies were successful approximately 25% of the time (which, in itself is a fairly low success rate), and/or something else was at work.

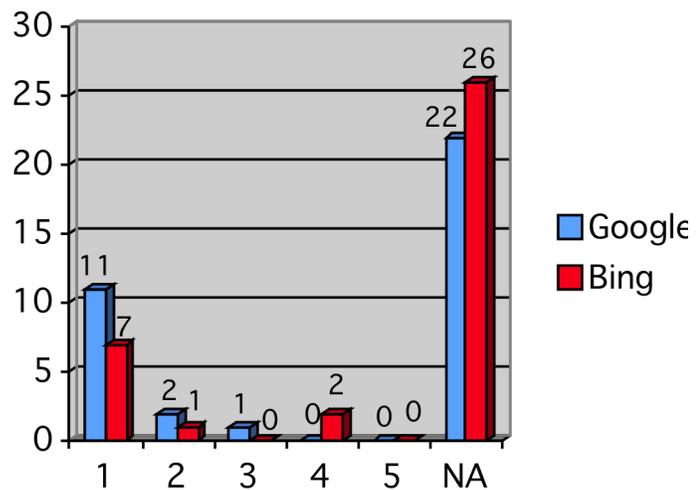


Figure 1 - Best Results Page

To try to identify causation, we first looked at the correlation between “Best Page” and other statistics that were available, shown below in Table 2.

Metric	Correlation
Overall Score	58%
PageRank	0.8%
Alexa Score	39%
Links	11%

Table 2 – Correlation with Best Page

As you can see, the preponderance of correlation is associated with the Overall Score of the Web site, a measure of page content. At the very least, efforts to optimize on (or even care about) Google’s PageRank formula seem beyond pointless. And Links appear to have only a marginal effect, at best. The Alexa Score, which measures traffic, is obviously a lagging indicator, rather than a predictor of ranking, besides the fact that the correlation is relatively low.

So what does this limited view suggest about the impact of SEO, and the firms that promote it? On the surface, it suggests two things: First, it suggests that most of what you need to do to get a good ranking is associated with page content that can be done using Google's page site design tools, or some similar content checker.

The other thing it suggests is that what really counts is luck – specifically the degree to which you don't have competition for the search terms that your potential customers are using. This can be proven with one additional analysis. But before we look at the proof, it is helpful to examine those sites that achieved high page rankings to see if they have anything in common.

Without revealing who they are, of the 11 companies that achieved a page one appearance on Google:

- One company got high placements only because they optimized on search terms that included the company's name
- Three companies got high placements only with search terms that included the city in which the company operated
- Seven companies got high placements with realistic, generic search terms

In other words, three companies got high rankings only if you assume that the user will include the city in the search string. And one company only achieved its high ranking if you assume that the user already knew the company name. Only seven companies (out of 36, or 19%) had high rankings with searches based on generic search terms that a user would typically enter. To support that point:

- If you remove the company that got high placements with search terms that included the company's name, the correlation with Overall Score goes up only slightly to 61%
- If you remove the three companies that got high placements with search terms that included the city in which the company operated, the correlation with Overall Score barely moves (dropping to 60%)

As none of these changes has any statistical significance, it can be concluded that Overall Score is highly correlated with page ranking, and nothing else comes close. Therefore, the only factors to consider is whether people actually use the terms that apply to your business – something over which you have no control, and that they appear on your page.

This is reinforced by adding the city to the search string, which results in 19 of the 36 companies (or 53%, versus 11 without the city,) rising to the first page of results.

Interestingly, of the remaining 17 companies, 12 had no search terms at all that they were targeting. This seems startling, considering they are reference accounts for the SEO firms. That is, how is it possible for an SEO company to promote their success on behalf of a client – where the goal is for the client to achieve a high ranking in the search engines for specific search terms – and for there not to be any search terms in the site?

Evidently, not only is the impact of SEO efforts beyond page improvement questionable, but in at least one-third of the cases, no page improvement effort appears to have even been done by the SEO firm at all.

In any event, if you add city to the search string, it results in a 73% increase in the number of sites that make it to the first page. This is clearly a disturbing outcome, since the company has no control over the keywords that the user enters. It suggests that beyond a certain point, specifically optimizing your home page according to the standard site design guidelines published by Google and others, there is no meaningful (or, at least, cost-effective) way to influence your ranking.

Discussion

Clearly, there are companies that are achieving high page rankings; however none of this effect can be seen in the work of the three SEO vendors examined. It appears instead to be a matter of chance as to whether the search terms on which a company wants to be found have not been appropriated by competitors. That said, the data do suggest that companies that strive to achieve a high score on one or another of the available site scoring systems can do reasonably well, assuming that there is relatively little competition for the terms.

The question of whether engaging an SEO firm to market your business, at least in the case of these three firms, would seem to be answered in the negative. What can't be answered here is the degree to which marketing efforts beyond SEO can explain any of the page rankings. But it would seem unwise to engage an SEO firm in those efforts, considering the blatant misrepresentation of their core competencies.

Equally important is the question of whether a high Google PageRank score matters. This is because if Google has provided the metric, and you're trying to achieve a high page ranking on Google, it seems logical

that there would be a correlation between the two. Given its absolute neutrality in the equation (at least in this sample), one has to wonder whether the brand name is fundamentally misleading.

This leaves us with the ultimate question, echoing the conclusion of the movie War Games. That is, beyond designing a functional and competent Web site, is perhaps the best solution is not to play the SEO game at all? If SEO is ultimately nothing more than an expensive arms race, should you ever do any more than the minimum to keep you visible, and spend your scarce marketing budget elsewhere?