

Chapter 1

Meeting the Business Side of Google

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Like Yahoo! and eBay before it, Google came on the scene with good technology and then needed to work out a way to make money. Fortunately, that's where you come in. To put it simply, Google makes money when you do. That's the ideal, anyway. Google's revenue model is based largely on increasing the visibility and traffic of its thousands of small-business partners, streamlining their marketing costs, qualifying their leads, and helping track returns on investment.

There's genius in Google's method — and fortunate timing. The typical revenue path of online media companies is lined on one side with advertising and on the other side with special services. Consider Yahoo!. While gaining a huge "eyeball share" with its Web directory and building its empire on free services to its users, Yahoo! began serving up advertisements. Although this was an old-media approach, it occurred when demand for Yahoo's ad space exceeded supply. So the company could easily charge premium prices for the privilege of placing an ad on its pages. This happy advertising era reached its height, unsurprisingly, during the greatest inflation of the Internet bubble.

When the bubble was pricked, and the demand for banner ads cooled, Yahoo! started enhancing its free services (for example, Yahoo! Mail) and charging for them. This method of supplementing revenue has worked. Yahoo! is a robust media company which, by the way, owns serious search assets that might yet constitute a challenge to Google's dominance. (See the next section.)

Google's business isn't just advertising

In the beginning of this chapter, I emphasize advertising as the revenue model that drives Google's growth as a business-services company. My accent on advertising is not meant to diminish Google's great success in licensing its basic search technology to Yahoo!, AOL, Netscape, and many other high-profile Internet portals. This licensing activity has generated strong revenue flows for Google, matured the company's business standing, and extended its brand to near-ubiquity. But most readers of this book are interested less in licensing Google's search engine than in using AdWords and AdSense as business tools.

It's difficult to predict how far AdWords and AdSense will take Google, and what their effect on Internet culture will be. It's not a stretch to imagine that search advertising, using the cost-per-click model that Google popularized, could alter the Web landscape by reducing advertisers' reliance on flashing banners and those heinous pop-ups.

Certainly, the business side of Google is revolutionizing online marketing, changing it from an art to a science, from guesswork to measurement, from blind spending to targeted cost-per-lead.

Now consider Google's contrasting situation and how it navigated its own infancy as a media company. Yahoo! surrounded its core directory with information pages, but Google concentrated all its resources in the search engine. Google paired exceptional keyword matching with *cost-per-click advertising* to build an advertising business that paired advertisers with customers through matched keywords.

Google and Its Competition

Google's dominance of consumer searching is awesome. There has been no such near-monopoly since Yahoo! was the only important search-and-find Web destination in 1994. The numbers have become a familiar mantra: more than 200 million searches a day, constituting about 50 percent of global search queries. Alongside those numbers looms Google's activity as a business partner to businesses of all sizes. In that arena, Google also dominates, though its clout varies depending on the service.

But our focus is on business services whose influence and effectiveness are tied to Google's preeminence as a consumer search engine. Google's command of the majority of eyeballs in the Internet population makes it the one site in which online businesses must be visible, either in the search result listings or through advertising on search results pages. Will this situation persist? Is marketing in Google a long-term strategy?

The answer to both questions is yes, but Google might not retain its consumer dominance forever. Google stunned the Internet's foundation companies (Yahoo!, Microsoft, and AOL) by reviving search as a viable industry. Google didn't just improve searching; it brought it back from the dead, after Microsoft, for one, had mostly written it off. Competition always pursues pioneers, and now that Google has shone new light on the search industry, its would-be vanquishers loom.

Yahoo! acquired important search assets Inktomi (an engine technology company of long standing) and Overture (a pioneer of placing advertisement on search pages). Now Yahoo!, which once powered its search results and ads with Google's engines, has launched its own consumer engine and pay-per-click advertising program. This development is the start of a rearrangement of the competitive landscape, and Google's vaunted 80-percent share dropped when it no longer provided search results for Yahoo! searches.

Yahoo!'s separation doesn't affect Google's licensing provision with Netscape and AOL, two other major partners. Both receive search results from Google when their members enter keyword queries. But future changes in that quarter would likewise reduce Google's supremacy in processing consumer searches.

Microsoft is famous for coming late to the party and then drinking everyone's punch. Microsoft's Web portal, MSN.com, powers its search results with the Inktomi engine (owned by Yahoo!) and receives its advertising from Overture (likewise owned by Yahoo!). Microsoft is actively working on proprietary alternatives to these licensing deals while publicly and explicitly targeting Google's standing in the field.

All eyes are on this imminent battle of search and related advertising technologies. There seems little doubt that Google's consumer dominance will be cut down. But the ongoing story rests in the hands of consumers. New search engines might not satisfy users who have grown accustomed to Google's ranking style and speed. Those users might migrate from the interfaces that once hosted Google results to Google itself.

Furthermore, Google isn't exactly spending its days at the beach — it's a restless company staffed by high-octane brainpower. Google owns a stunning array of popular search services (fully described in *Google For Dummies*) that buffers it against lost market share in the flagship search engine. It is continually innovating and improving its revenue programs. And its extended advertising network (AdSense and premium-level AdSense partners such as USAToday.com and Discovery.com) creates an important platform for advertisers that will last a long time.

In the next two years, online businesses might want to diversify their marketing efforts, reaching for recognition on other platforms besides Google's advertising network. But even if Google doesn't remain the only essential staging area for Internet marketing, it will remain a crucial one.

Two Sides of the Google Coin

Google is really two companies: Google the search engine and Google the business-services company. Together, the two sides form Google the media company. Along the same lines, Google is employed by two breeds of user: consumers who are searching and business partners of all sizes who seek online visibility.

Google's two sides can't be separated like an Oreo cookie; they're stuck together by keywords. Keywords typed into the search engine are used also to determine the ads placed next to the user's search results, because advertisers bid for the right to launch ads on those keywords. Those same ads are launched to thousands of partner sites in Google's expanded advertising network. Even sites that don't advertise but appear prominently on the search results page probably built their content and HTML coding around the very same keywords. As you can see, the consumer experience (finding destinations) and the business experience (finding customers) are inextricably linked by shared keywords.

But make no mistake: We business users do not enjoy the same weight in the Google equation as consumer users. (Of course, most of us use Google's front end as consumers, too.) Google's first concern is the search experience, and the primary relationship is between Google and the consumer. Without satisfied searchers, the business side has no value. Consumers may freely focus on the search experience, with no awareness of the business forces competing in the background. But business users who ignore consumer-search priorities court their own downfall.

Google's Empowerment Model

At the top of this chapter, I stated that Google's business model makes money when you do. But as I also mentioned, Google makes money even if you don't. That's not a situation Google likes, and it tries to help you correct it, as I discuss in Part II. Google wants you to succeed.

This reciprocity is built into Google's advertising services in three ways:

- ✓ **They are democratic.** Anyone can get involved, from a first-time entrepreneur with a new Web site to a billion-dollar corporation. As in any great democracy, ingenuity, knowledge, and persistence can compete with, and sometimes triumph over, incumbency and deep pockets.
- ✓ **They are reciprocal.** Google's success is good for you, and your success is good for Google. Google's consumer users win, too, when you work effectively in Google's advertising programs. This three-way reciprocity is difficult to establish (and even measure) in traditional media advertising.
- ✓ **They are efficient.** And that's an understatement. Google's innovations in search advertising strive for an ideal match of advertiser to customer, hinged on a keyword. You pay only for reasonably good matches recognized by your potential customers. Google's AdSense program, in which participating sites share ad revenue with Google, doesn't cost the participant a dime — now *that's* efficiency.

eBay, the most successful dot-com venture through the collapse of the Internet bubble, was founded on the same three principles: democracy (anybody could get involved), reciprocity (eBay and its users benefited when its participants succeeded), and efficiency (participants controlled their costs and tracked their returns). In time, the advantages of eBay's system got the attention of midsize brick-and-mortar stores, which now operate eBay outlets as an essential part of their business plan. Much larger corporations routinely use eBay to dispose of inventory. The playing field is level and the economics are equally favorable, whether you are selling computers or a lamp in your attic.

Google's two prime-time revenue programs, AdWords and AdSense, have followed an adoption curve similar to eBay's. Fashioned for universal participation, both programs were adopted first by small players — single Webmasters, entrepreneurs, and one-product companies. Word spread, and now both programs are in far-flung use by the Internet's largest publishers, manufacturers, and e-tailers. As with eBay, small and large participants enjoy the same benefits.

The Three Goals of Every Webmaster

Innumerable business plans operate side by side on the Web. But all these sites — online stores, travel agencies, virtual magazines, community portals, even modest personal sites — share three fundamental goals:

- ✔ **Increase presence.** Putting up a Web site is like mounting a billboard in a desert: Nobody sees it. Chapter 3 explains how to network your site to greater visibility by getting other sites to link to it. In the context of Google, increasing Web presence means increasing presence in Google's *Web index* — the gigantic collection of Web pages from which Google derives its search results. And that means raising the site's PageRank, which I discuss in Chapter 3.
- ✔ **Drive traffic.** Traffic is the natural extension of presence. For our purposes, presence is visibility in Google, but that presence, by itself, doesn't do a Webmaster much good. Google visibility must be turned into traffic, which happens when Google searchers click your link.
- ✔ **Convert visitors.** Traffic is enough for some Webmastering purposes. In nonrevenue sites, the goal might be just to get eyeballs on the home page. But that simple ambition is rarely the objective of a site. Almost every Webmaster wants to get visitors to do something — visit a certain page, fill out a form, join a mailing list, travel across an opt-out page, buy a product, click an ad. Whatever the aim, the conversion of traffic from unproductive visits to productive visits is the final step that nearly all Webmasters seek.

Google is a powerful ally in the first two goals. Nothing increases presence like a high listing on a Google search results page. If high positioning isn't enough to drive traffic or isn't possible in certain searches, Google's advertising program (AdWords) can help divert the flow of traffic in your direction. Google can't magically convert visitors, but it does help its AdWords users track visitors who do convert.

Google and Your Web Site

Google's come-one, come-all advertising programs (AdWords and AdSense) are enticing to every Webmaster with entrepreneurial inclinations. "The main Google index — a marketing venue in itself — presents you with three significant opportunities for business growth:"

- ✔ **Google search listings.** Getting into the listings (see Chapter 2) is the first major step. As you work your way in, concentrate on building up your PageRank (see Chapter 3). Many Webmasters attain ongoing success without any advertising by fighting for and retaining a high search-page position for important keywords (see Chapter 4).
- ✔ **AdWords.** Google's search advertising program, AdWords increases presence and drives traffic. And the first part — increasing presence — is free. AdWords ads appear on the right side (and sometimes at the top) of Google search pages. Advertisers pay for their ad only when a Google

user clicks on it. The AdWords program offers a quick way to place your site on a search results page without necessarily being in the Google index. (Part II explores AdWords in detail.)

- ✓ **AdSense.** Google's ad-syndication program, AdSense is a method of making money on your site. Webmasters in the AdSense program display AdWords ads on their pages and share advertiser payments with Google. The goal of an AdSense page is to get visitors to scoot off the page by clicking an ad. The ads are supplied by Google, and in fact are the same AdWords you see on Google search results pages. When a visitor clicks one, the AdSense publisher shares the cost-per-click ad revenue with Google. Participating in the AdSense program is free to any qualifying page or site. (Part III fully describes the AdSense program.)

The three marketing venues just described — search listings, AdWords, and AdSense — roughly correspond to three business activities. Understanding how and to what degree to approach these three activities helps guide you toward the best Google marketing service for your talent and taste:

- ✓ **Optimize.** Site optimization is ongoing, detail-minded work that asks for writing talent, organizational skill, a willingness to update and tweak daily, and an eagerness to stay on top of an evolving field. Optimization is the foremost activity for those aspiring to climb upwards to greater visibility in Google's search results listings. Don't forget, though, that certain optimization tasks are necessary in all aspects of online marketing. To some extent, site optimization is integral to every site's greater success. If you love to optimize, climbing the listings is your marketing arena. (Chapter 4 is all about optimization.)
- ✓ **Publicize.** If your site has the goods — by which I mean great information, saleable products, interactive features, or an essential service — the slow grind of optimization might be too gradual a path for you. If you're ready to transact business now and are confident in your site's ability to convert visitors without an optimization overhaul, advertising might be your bet. AdWords offers a cost-efficient method of sending qualified leads to your domain. You pay by the click — which means you're buying actual visitors, not ad displays — so your *return on investment (ROI)* depends on your site's ability to convert. As you learn in Part II, you can strictly control your costs in AdWords by placing a ceiling on the amount you pay per click and on your overall expenditures.
- ✓ **Monetize.** If you don't sell products, and want your site itself to generate revenue, AdSense is a program made for your entrepreneurial needs. AdSense is a free way to join Google's advertising network and display AdWords ads. Revenue earned in this manner — by publishing ads that generate income — is called *passive revenue*. Unlike the busy lifestyle of fulfilling orders taken through a Web site, the passive-revenue lifestyle lets the site do the work, not you.

Google and Your Product

E-tailers whose catalogs range from one product to thousands can be represented in Google's two shopping portals: Google Catalogs and Froogle. Google Catalogs is a search engine dedicated to displaying printed catalogs and linking to their sites. It's available only to companies that publish such catalogs. Froogle is available to any business that sells a product through a Web site.

There is no downside to being represented in Froogle and Google Catalogs. Participation in both is free. By themselves, however, these two services should not comprise a total online marketing plan for your site and its products. Many e-tailers and offline retailers also use AdWords; a quick glance in the Google search page for *books*, *furniture*, or *2004 autos* shows you the caliber of advertiser using Google advertising.