

SEM Pricing Models

Search Engine Strategies – Conference and Expo August 20-23, 2007, San Jose

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» The “Big” Question...

Q: How should you charge for your SEM Work?

A: The way that is going to make you the most amount of profit, and deliver the highest value for your ideal client.

**Thank you and enjoy the rest
of the conference!**



» 4 Typical Industry Pricing Models

1. Retainer-based (\$2K to \$50K/month)

- Monthly fees (6 to 18+ month contract).
- “Search and peck”.

2. Pay-for-performance

- Delta difference (% change in sales, \$/leads, \$/% traffic)
- “Skin in the game”, commission structure.

3. Fee-for-service model (\$2500 to \$1+ million)

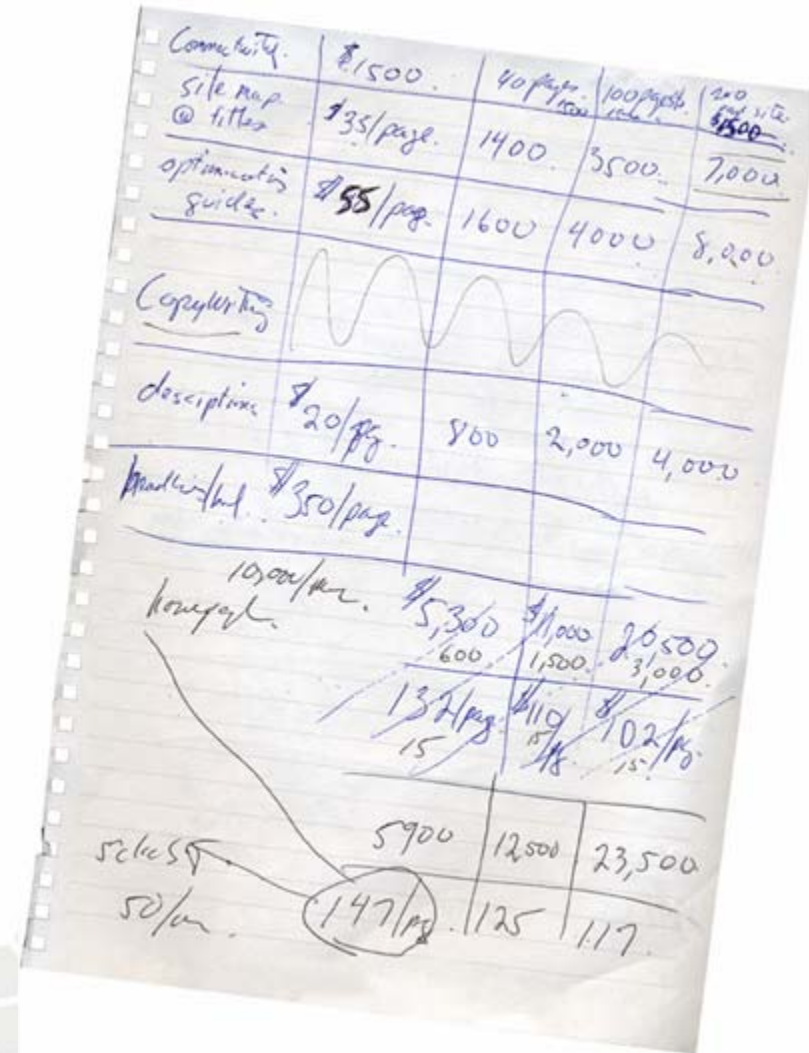
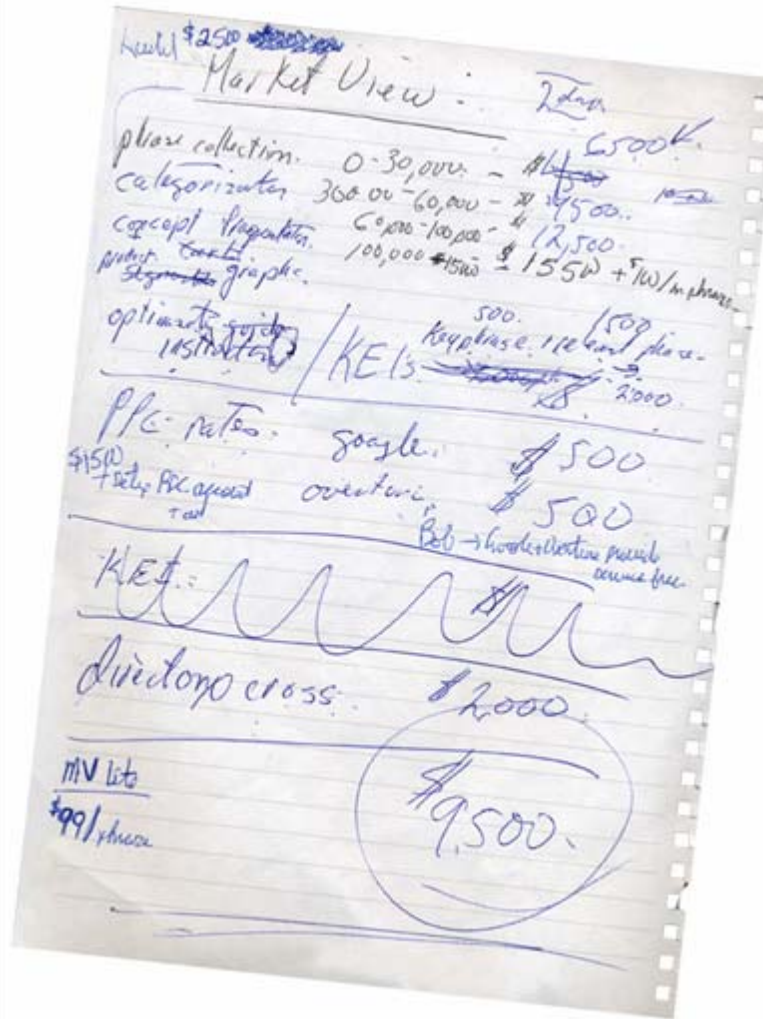
- Project-based, with finite scope.

4. Hourly consultation (\$30/hr. to \$1000/hr.)

- “Quick-fix” approach and SEO/SEM suggestions



» Our Extensive Planning



» Know Thyself & Get “Niched”

- **What are your strengths? Do a SWOT analysis.**
- **Choose your service offering: Organic / PPC or both?**
 - consultation, training?
- **Established in SEM?**
 - Yes -> Price what the market will bear
 - No -> Your price = how much \$ do you need to live/survive as a company?
 - How many projects at what \$/month?
- **Determine your market & know your competition**



» Importance of Customer Profiling

- **Find the right “*bowl of porridge*”:**
 - Not every prospect is your ideal client.
 - You’re a magnet, some clients are wood.
 - Small companies = low price, high volume, quick sale.
 - Big companies = high price, low volume, long sale cycle.
 - Note: As prices go up, pettiness (typically) goes down.
- **Mid-size is just right!**
 - Owner or C-level executive approval.
 - Pricing is reasonable to their budget.



» So, What Do We Do?

- **90% Fee-for-service, finite scope & deliverables.**
- **7% Pay-for-performance.**
- **3% Customized services.**
- **Three “branded” core SEO service phases:**
 - Extensive keyword research & analysis (100,000+ phrases).
 - Keyword placement, opt guides & site architecture.
 - Inbound link campaigning, reporting, & SMO.
- **Stick to your profitable business model:**
 - Except when the offer’s too good to refuse.



» Customized Services & Pricing

- **Not every client's needs are the same.**
 - Virgin domain vs established site
 - Past SEO...inherit the mess.
 - Regardless, customers should “fit” your pricing model
- **Different levels of services are available.**
 - May include:
 - Web site audits.
 - Web analytics.
 - Monthly maintenance plans.
 - Hourly consultation.
 - copywriters, agencies, web dev companies.



» Pricing & Perception

- **Our initial pricing model was fixed.** (i.e. \$25K)
 - Caused some sticker shock to occur.
 - No opportunity for client to “*taste the goods*”.
- **Pricing models changed over time:**
 - Phases and variable pricing. (i.e. starting at \$9,500)
 - Note: Choose your price range wisely.
 - Clients comprehend costs/phase and accept price.
 - Final costs were often the same, but prospects seem more amenable to lower initial pricing & paying more later .



» Location, Location, Location

- Pricing based on what market can bear, geographically.
- **Outside the major markets (NY/LA)?:**
 - Premium pricing can be a hard sell.
 - More difficult to justify pricing...for no good reason.
 - Small-town companies expect big-city service at small-town prices.
- **The “Made in Canada” advantage?:**
 - But...currency exchange not what it used to be.
 - Think we work for beer.



» Proposals and Contracts

- **Proposals must be detailed and comprehensive:**
 - But get to the point. (i.e. 25pg. contract down to 5-7pgs.)
 - Shows transparency in services:
 - *“This is a no-brainer.”; “Why doesn’t everyone do this?”*
 - Ensure that logic is evident; clients buy in & refer when they understand the deliverables.
- **Proposals & contracts are a must:**
 - Shows seriousness and professionalism.
 - Defines work without being bound to a guarantee.
 - CYA and theirs.



» “So, Why Should We Go With You?” Search Engine STRATEGIES 2007 CONFERENCE & EXPO

- **Your choice between:**
 - Being a “me too” organization.
 - Offering a unique value proposition.

- **Your competitive advantages?:**
 - Competitively priced.
 - Focus on your organizational strengths.
 - Proprietary software applications.
 - Ensure customer service remains paramount.



» In Closing...A Little Advice:

- **Keep your focus:**
 - Niche service/product.
 - Don't be distracted by shiny objects.
- **Flexible payment plans:**
 - Accommodate your customers.
 - Costs spread out over project.
 - Thousand dollars/month.
- **First strong home-base:**
 - Well-known local brand = credibility.
 - Local “*Epiar evangelists*”; tap client referral base.



» OK, A Little More Advice:

- **Finding it tough to rank in SERPS?**
 - Promote your brand, promote yourself:
 - Be active: present, blog, training seminars, SEMPO
 - Become a recognized expert. Awards?
 - Not-so obvious conferences & tradeshow
- **Trademarks, copyrights** – register them (increases goodwill)
- **Exit Strategy...do you have one? Do you need one?**
 - Value in your intellectual property. (software=R&D costs)
- **Your services are not a cost**
- <http://www.marketingpilgrim.com/2006/09/top-10-business-mistakes-search.html>



Thank You!

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