

# The Search Engine Catch 22 and Google's Answer

By Rocky Lewis

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So we all know that there is a bit of a Catch 22 in the search engine world. Search engines have a dual mission - provide the best search results possible for users and (here's the tricky one) turn a decent profit. It has been debatable as to whether or not both these goals could be simultaneously accomplished.

In an effort to make it so, many engines have turned to pay-for-directory results, helping to weed out junk sites and make money, but also helping to leave out the little guy who is reluctant to shell out cash for a mystery-positioned listing. And, if an engine is not indexing everyone, are they providing users the best results?

Other engines have turned to pay-per-click sponsored listings that appear before a general, unbiased list of results. This has proven to be a great way to make money, and is a pretty good compromise. But since these sites are listed first, users are oftentimes drawn to click on those as opposed to scanning below for potentially "better" results. And appearing in those top 3 sponsored listings is rarely an option for the smaller businesses and non-profit sites, since big dogs engage in bidding wars for top 3 rankings and the searcher's attention.

Is there a compromise? A way to help searchers find the best site and still make a buck? Well, before you rack your brains answering, know that Google has come up with a pretty decent compromise.

Leave it to Google, infamous for its efficient and effective spidering technology and dedication to the searcher, to come up with a viable solution. Here it is. The company will still be running regular listings on the site - scouring the Internet for accurate results and giving users an easy-to-navigate, text-oriented result list to scan through. But now, there will also be a sponsored listing section running down the right hand side of the Google results page. The sponsored listings will be text based, not graphics, and sites will bid to appear under key phrases of their choice.

How is that different from picking up Overture listings on Google, you ask? Well, here's the difference. The position of a sponsored website is not solely based on the bid placed. It is also based on the web site's click-through popularity. Placement is determined by the cost-per-click amount chosen and then multiplied by the click-through rate percentage.

For example, let's say Web MD wants to come up when a searcher types in "health information." And let's say they're willing to bid a decent amount for that privilege, like \$1.15 per click. Well, maybe a giant drug company also wants to come up under this search and it is willing to pay \$1.35

(and willing to make sure it continuously outbids WebMD).

But searchers recognize Web MD in position 2 or 3 or 4 (wherever it ends up) and they bypass the #1 site for WebMD - giving that site a click-through percentage of 4.2%, while the drug company's click-through rate is 1.9%.

This would eventually put Web MD at the top of the list. Because  $\$1.15 \times 4.2 = \$4.83$  (the amount Google uses as a "virtual" bid number to rank the site.) Meanwhile, the drug company is being placed here:  $\$1.35 \times 1.9 = \$2.56$ , its "virtual" bidding spot. This means to compete with the popular Web MD, our friends at the drug company will actually have to bid \$2.55 (not \$1.35) to remain in the #1 spot ( $2.55 \times 1.9 = \$4.84$ ), while Web MD still only pays \$1.15. That sounds more like justice. And it should certainly help provide users with better results.

Now, this still doesn't solve the problem of the small business being left out of the loop. But small businesses still have the option to focus on words with smaller bid amounts. Even the most popular industries (like search engine optimization) have pockets of decently searched phrases available for bidding at not-freakishly-expensive click-through rates. And in these less-competitive realms, the popularity factor will still play its important role to differentiate useful and good sites from those less appealing.

Google is definitely taking pay-per-click to the next level, and it is the best solution we have seen so far to the search engine Catch 22 - helping serve search engine users while still staying in business, and maybe even making a little money.

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