

# The Search

*BY JEANINE GAJEWSKI*

## Is On

**Internet-savvy management companies** are discovering how paid listings on search engines can deliver highly qualified leads at a fraction of the cost of other media.



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Seeking the most cost-effective way to advertise available apartments, Southern Management Corp., which owns and operates more than 25,000 apartments in the mid-Atlantic region, decided to try a non-traditional approach.

Six years ago, Southern Management was purchasing 30-minute segments on Saturday mornings on a local television network with each segment costing thousands of dollars to produce and air. The program devoted several minutes each to a dozen or so of its properties, touting their amenities and location.

While the program helped brand the Southern Management name and bring in new leases, the company's Director of Marketing John Cohan quickly realized that because of the TV show's shrinking audience, mostly due to the boom in cable television programs, the shows had become a poor investment.

Cohan dabbled in other familiar media. He purchased full-page print ads in the Saturday apartment section of local newspapers, and he recorded 60-second radio ads that were broadcast on popular radio stations during key drive times to bring traffic to the company's apartment locator service.

But for all the money that was being spent, Cohan realized his company was somewhat blind-folded when trying to hit its target audience.

However, a few months ago Cohan launched an advertising strategy that he said brings Southern Management the most highly qualified leads for the company's marketing-budget buck: search engine advertising. Today, the company spends 20 percent of its marketing budget on online marketing. "Our money should be spent [online] because if there is one product that is conducive to online marketing, it is apartments," Cohan said.

Southern Management is not the only

apartment management company investing ad dollars in search engines.

According to Bob Keator, Equity Residential's Assistant Vice President of Internet Marketing, Equity generates 10 percent to 15 percent of its e-mail leads through low-cost search engine ads. And after finding that 15 percent of those leads translate into leases, Equity has successfully experimented with pulling its print ads in some markets.

"All of a sudden, at warp speed the Internet has changed how the industry does business in terms of getting leases to properties," Keator said. "Search engine advertising has become so popular that the market dictates that you must have a presence there."

A relatively new marketing strategy, search engine advertising has been enticing companies small and large since 2001. According to many apartment companies, search engine advertising's most compelling advantage over other media is its ability to generate highly qualified leads at an affordable price because of its pay for performance pricing structure.

And since February, when all major search engines announced they would display paid listings, capturing this corner of the market has never been easier, or more imperative.

### How It Works

Search engines are found on Web sites such as Google, Yahoo! and MSN and contain software tools that enable users to locate information on the World Wide Web by entering keywords to find sites that contain the information sought.

When a user enters a keyword or phrase, for example "apartment," the search engine will display links to the thousands of sites germane to that word. These "organic" or "editorial" listings are sites that have been indexed by the search engine according to relevance as deter-

mined by complex, constantly fluctuating algorithms.

The search engine also will bring up paid listings, in some cases labeled "sponsored links," which are often found above or in a column next to the organic listings—the type of listings Cohan is using. Companies bid on the cost per click to have these text-only ads displayed when a user enters certain keywords or phrases, such as the city in which the Web user would like to live. The highest bid—sometimes weighed in relation to keyword relevance—will attain top placement, according to Becca Wilson, a Consultant with Spherexx.com, a marketing and technology firm that creates and manages Web sites and search engine campaigns for 14 apartment management companies representing almost 200,000 units.

Companies jealously guard which words and phrases yield the best results because as a keyword becomes more popular, its price per click increases. Search engines often determine price by the number of searches performed on a particular keyword or phrase and the number of sites targeting them. According to Wilson, the cost per click drops when a company buys longer phrases, thus targeting a narrower market. For example, "apartments, Dallas, Texas" would cost less than "apartments."

The cost per click—which can range from as low as 5 cents per click to \$50 per click and upward for the most popular search terms—is charged only when a user clicks on a company's ad. Wilson said a company can set up an advertising budget with the search engine, allotting as little or as much as it wants to spend, allowing the ad to run for days, months or indefinitely. Some management companies pre-determine what they are willing to spend for a campaign, and when that dollar amount is reached, the ad automatically is lifted from the site. Companies can also place search engine ads that run

indefinitely, for which they are billed regularly.

### Qualified Leads, Affordable Prices

Before launching its search engine ad campaign in April, Southern Management was attracting 90,000 hits per day to its Web site, Cohan said.

“Within a month of launching the search engine campaign, we saw traffic increase by more than 20 percent to 108,000 hits per day, and a 30 percent jump in distinct, or unique, users,” Cohan said. “So we are getting a lot of apartment shoppers who weren’t finding us before—at just a fraction of the cost of other advertising media.”

Cohan said his company also is redirecting funds away from online banner advertising on America Online, which the company has purchased for the past four years.

“With the advent and success of [search engines], I started decreasing our dollars allocated for banner ads to put into search engine advertising,” Cohan

said. “Because the strategy is so new, we were taking a bit of a gamble by replacing our banner ads with search engine ads, but we have found that search engine ads are a more qualified form of advertising.”

Cohan explained that with banner ads, as with many other traditional forms of advertising, a company pays per impression. This means a fee is charged each time the ad is displayed, whether or not the user wants to see the company’s product or clicks on the link.

On the other hand, search engine ads allow companies to pay per click, meaning the fee is only charged if a user actively chooses to click on the link. “So you are only paying for performance,” Cohan said. “When someone clicks on that ad, that’s about as qualified a lead as you can get.”

Search engine marketing provider Overture (formerly GoTo), which powers sites such as Yahoo! and MSN, is one of many search engine services that offers pay-per-click ads. “Growth in this area is so huge because you are selling to

extremely targeted buyers,” said Dina Freeman, Assistant Manager of Communications with Overture. “You get a pre-qualified lead.”

Mark Sutton, a Consultant with Hirshorn Zuckerman Design Group, works with Southern Management on its marketing and communications and advised the apartment company on its search engine strategy.

“The reason why search engine advertising is so compelling is because it is so targeted,” Sutton said. “Imagine if you could show a TV ad just to the people who wanted to see it. Many people who enter the search terms want to see your ad because they want something from you. And they are honing in directly on you.”

Sutton said another reason the ads are so cost-effective is that companies can invest as much or as little as they want when embarking on a campaign. He said he recommends starting small—for example, 25 percent of a company’s Internet marketing budget—when investing in search engine ads. “But you have

## Organic vs. Paid Listings

While attaining a top placement in the “organic” or “editorial” listings is important in order to generate Web site traffic, it is often a tricky and imprecise science.

In addition to designing a Web site that is well-suited to be indexed by search engines’ Web crawlers (see “6 Tips On Going Organic”), Webmasters can submit pages to the search engines to speed up the indexing process and make sure pages are not overlooked. However, search engines are now putting a price tag on submitted pages, blurring the line between “paid” and “editorial.”

Search engine marketing provider Overture (formerly GoTo), which powers sites such as Yahoo! and MSN, offers companies the option of paying for inclusion. “You pay to be crawled more frequently by the search engine,” said Dina Freeman, Assistant Manager of Communications, Overture. “You set up a relationship with the engine, but this technique will not change your organic ranking if you are not relevant.”

### A Case For Paid Advertising

The complexities and uncertainties of organic listings have led many companies to turn to paid advertising on search engines as a better return on their investment.

For the past four years, Mark Sutton, a Consultant with Hirshorn Zuckerman Design Group, has worked with Southern Management Corp. on its marketing and communications, including its recent foray into search engine advertising.

“If you get to the top of the organic listings, that is invaluable,” Sutton said. “But there is no single guaranteed way to do that. I won’t promise a company that what they do to get listed in the organic listings is going to work. It can work, but it can also be a huge waste of money. If you want to be listed for sure, spend your money on something for which you can get a qualified return on your investment.”

Internet listing service Rent.com has been purchasing search engine ads since 2001, and according to Todd Katler, CAS, Vice President, Sales, the ads generate a major part of its customer base.

He said that it is important for a company like his to place high in both organic and paid listings. However, he said, “Editorial listings don’t cost you directly, but getting high placement can be very tricky. Also, it has a high trade-off: To get good search engine optimization, you have to sacrifice user interface. Sites that get indexed well are often very text-heavy, and that is not very appealing to users.”

Because Google, Yahoo! and other engines change their algorithms constantly, Katler said that it is a full-time job to keep an organic listing at the top. “It is not a project; it is a lifelong endeavor,” he said. “This is versus purchased ads, where you can monitor them as you see fit.”

### Striking a Balance

Just as they do with print media, apartment companies should

## Getting Started

	Google	Yahoo!/Overture
Ad Management Service	AdWords	Precision Match
Where to Get Started	<a href="https://adwords.google.com/select/">https://adwords.google.com/select/</a>	<a href="http://www.overture.com">www.overture.com</a>
Paid Listing Partnerships	AOL, Ask Jeeves, Lycos, Netscape	Yahoo!, MSN, AltaVista
Initial fee	\$5	none
Extra support for beginners	Jumpstart; \$299	Fast Track; \$199

to be willing to experiment. Remember, you are only going to pay for the clicks that you get. So give it some time and see for yourself how it works. Then you can decide.”

While Equity has had success as the largest publicly traded owner and operator of apartment communities in the United States, Keator said smaller companies or

individual communities can benefit from search engine advertising, as well. “Google’s pay per click advertising is very simple to administer and monitor,” Keator said. “And the strategy is very scalable for smaller companies because you can choose how much you want to spend.”

For example, what started as an experi-

ment for English Village, a garden-style community north of Philadelphia, has yielded positive results, according to Leasing Director Debbie Molzahn.

“We wanted to see where the ads would lead us, and we found that we were getting increased traffic to our Web site,” Molzahn said. “I would say that although only a small amount of our marketing dollars go toward search engine ads, we are really seeing an increase in the number of leads we are getting from the Internet.”

### Tracking From Click to Close

An added benefit of a search engine ad campaign is the ability to track not only how many people click on the ad, but what kind of people the ad attracts and how those leads translate into leases. And if the ad is not working the way a company wants, it can be modified immediately.

“The basis of Overture’s products is the ability to track your leads,” Freeman said. “You get control of all aspects of the ad campaign, and you can change your approaches almost instantaneously.”

obtain both paid advertising and an editorial presence in their Internet marketing, according to Bob Keaton, Assistant Vice President of Internet Marketing, Equity Residential.

“You have to strive for a proper balance between organic and paid listings,” said Keator, adding that Equity has purchased search engine ads for the past two years. “I feel that so far we have bought our traffic [through search engine ads], but in September, Equity plans to unveil a new look and feel to its Web site that is designed to bolster its ranking in the organic listing, as well.”

Becca Wilson, a Consultant with Spherexx.com, a marketing and technology firm that creates and manages Web sites and search engine campaigns for several apartment management companies, said that many users don’t make the distinction between organic and paid listings.

“The average surfer doesn’t always notice that they are sponsored links,” Wilson said. “They are still relying on Google and other major search engines to bring them the most relevant searches.”

Sutton added, “While savvy Internet users know that they are looking at sponsored links, many users find that AdWords [Google’s paid advertisements] are relevant, sometimes even more relevant than the organic listings.”

Even if a company employs all the latest search engine tactics to drive traffic to its site, Keaton stressed that nothing is static in the young medium.

“You should spend just enough to get to and stay in the position that you want and not a penny more because as many people as there are that look at search engine ads, there are still more who are using the organic listings—but of course that could change next month.” —J.G.

## 6 Tips On Going Organic

According to SearchEngineWatch.com, Webmasters can employ a variety of techniques to bolster their organic positions.

- 1 Pick target keywords that users will use to search for the company (for example, “Apartments” and “Dallas”).
- 2 Position the keywords in crucial locations, including the HTML title tag and near the top of the Web page.
- 3 Make sure the keywords appear in the content of the pages.
- 4 Have other “high-quality” sites link to the company’s Web site. Search engines use link analysis in their ranking formulas.
- 5 Don’t be tempted to “stuff” the site full of the keyword or create fake links or dummy Web pages in hopes of boosting rankings. Search engines can detect deception and could blacklist the Web site.
- 6 Webmasters can submit pages to the search engines to speed up the indexing process and make sure they do not get overlooked. However, search engines are now charging for this service.



A company can test selected keywords in various combinations to achieve the best possible results. "Southern Management can start a campaign right now, let it run for awhile and then tweak the ad immediately online," Sutton said. "It is a direct marketer's dream because you can constantly monitor your campaign and make immediate changes. However, be prepared because the numbers don't lie. You may see numbers that you don't really want to see."

Keator added that companies can monitor the conversion rate of a particular search phrase. "You may get more traffic from one phrase, but even more leases from another," he said. "We can put our money on phrases that are driving the most leases."

"Search engine ads are pure benefit: You can monitor efficiency and effectiveness. From a budget standpoint, you can monitor how much you spend and change the amount you are spending in literally a minute. The bottom line is you have tactical flexibility," Keator said.

## Monitoring the Investment

With the ability to monitor each click comes the added responsibility to do so to ensure the company is getting the best return on its investment, said Todd Katler, CAS, Vice President, Sales, Rent.com. The Internet listing service, which has purchased search engine ads since 2001, tracks exactly how much it costs to secure a lease through various media.

"When you're dealing with a pay for performance option [like search engine ads] you have to know your actual cost per lease," Katler said. For example, if a company spends \$5,000 on a newspaper advertisement and gets five leases from that ad, the cost per lease is \$1,000. However, unlike pay for performance search engine ads, it is often hard to quantify exactly how many leases are signed as a result of a print ad.

"With the Internet, you can know for sure, not just speculate on how much each click costs," Katler said. "But to see if you are getting a good return on your investment, you have to track that click all the way through."

"You have to be willing to pay for the technology to track the true-to-life conversion of clicks to leases," he said. "Whereas an ad in the newspaper or a magazine is a fixed cost, these ads are not a fixed cost. You need a far more sophisticated way of evaluating than in the past."

Katler cautioned against bidding on generic—and often expensive—keywords that ultimately will result in a higher cost per lease than advertising in traditional media. For example, he cited one company that purchased general search terms, even though it had a high concentration of apartments only in one market. "It must have [resulted in] the highest cost per lease ever," Katler said.

A better bet would be to narrow the keyword phrase by location, thus lowering the cost per click. This strategy works best for companies concentrated in one region, Katler said.

"It is really hard for a management company to get a good return on its investment unless it has critical mass in a market area, for example Equity Residential in Phoenix, or Bozzuto in Washington, D.C.," he said. "But even with a substantial inventory of 70 to 80 properties in a market, it is just a fraction of the 700 to 800 properties [an Internet listing service] will have."

Spherexx.com's Wilson reiterated the importance of setting measurable investment goals before jumping into a search engine campaign.

"To set your budget, you have to determine the value of the prospect," Wilson said. "Is it worth spending \$1 for a click on your listing in Yahoo! or Google? Is that prospecting vehicle worthwhile? Is your Web site and search engine campaign organized to monitor a return on that investment? Is your Web site equipped to 'hook' or initiate an 'interaction' from the visitor? Is your site equipped to 'close the deal?'"

## Preparing For Traffic

Once a company decides to initiate a search engine campaign, it must gear up for increased traffic to its Web site and its leasing centers.

"The effort doesn't end with picking the right keywords in the right place," Wilson said. "You next have to have something on your Web site to initiate a call to action. If not, you're spending your money in vain. Think of your Web site as another leasing

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## Choosing Effective Keywords

Many free resources exist to help choose effective keywords. Following is a list from SearchEngineJournal.com.

### Overture's free search tool

<http://inventory.overture.com/d/searchinventory/suggestion/>

### Google's keyword suggestion tool

<https://adwords.google.com/select/main?cmd=Keywordsandbox>

### Teoma (search engine)

<http://teoma.com>

### 7Search (search engine)

Create an account and log on, then click on "Edit Bids" and go to "Keyword Suggestions"

### Online dictionary and thesaurus

[www.dictionary.com](http://www.dictionary.com)

**Word Tracker** Keyword research service charging \$6 per day or \$225 per year, [www.wordtracker.com](http://www.wordtracker.com)

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According to Cohan, Southern Management redesigned its Web site months before launching its search engine campaign with the goal of making it easier to find and sort through individual community listings, therefore enticing more prospects to take the next step toward signing a lease. "We thought, 'We'd better get this site as productive as it can be before generating extra traffic for it.'"

Under the added scrutiny of increased visitors, a Web site must not only be productive, but accurate, Keator said. "A challenge is that you really are putting [your company] under a microscope. You have to have data integrity and 100 percent accurate information or you are really shooting yourself in the foot."

As the extra traffic heads toward leasing agents in the form of e-mails, phone calls and walk-ins, train staff on the importance of responding quickly to the influx of new prospects and inquiries. "Fifty-one percent of e-mail inquiries go unanswered," Wilson said. "If staff doesn't complete the circle, then you've totally wasted your time and money."

Equity focuses on training its staff, from senior management to leasing professionals, on the importance of responding quickly to e-mail leads. "You need to shore up the training of your leasing staff and their response times," Keator said. "Where it used to be OK to get back to someone in 24 hours, many people today want feedback the same day, so you now have to respond in just a couple hours."

Cohan added, "Although so much traffic is coming from the Internet, when

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### Need More Help?

For companies unsure of how to execute a search engine ad campaign, help is available. In addition to extensive step-by-step support on their Web sites, search engines offer extra guidance for a fee.

Google offers a “Jumpstart” program for first-time advertisers for \$299, adding extra support to the basic AdWords program. According to Google’s Web site, if a company signs up through the Jumpstart program, specialists will customize the campaign by writing ads, choosing keywords and monitoring the budget to maximize exposure.

Signing up for Overture’s “Fast Track” plan will add extra features to the basic “Self Serve” account for \$199, according to Overture’s Web site. Fast Track also lends assistance with search term selection, URL tracking, titles and descriptions, budget management and account optimization.

Wilson added that hiring a consultant can help as well. “Talk with a professional before starting any Internet campaign,” she said. “If you would rather manage your search engine campaign yourself, than this infrastructure is key to success: First, make sure you have your staff trained and ready to be responsive to the new Internet leads that will require quick responses; second, have calls to action on your Web site to engage the prospect and collect information; and third, have a way to monitor Web traffic and your return on the investment.

“Search engine advertising is a moving target as prices can change daily depending on a keyword’s popularity. You will always have new competitors come into your sponsored link area that compete with you for prospects’ attention. Search engine positioning versus search engine advertising are two distinct areas, but both are necessary. Our clients let us manage their search engine campaigns because it can be time consuming to monitor and manage. The internet should be considered a piece of digital real estate and the best location gets the most leads. A well-

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—John Cohan

Director of Marketing  
Southern Management Corp.

planned search engine strategy gets you the best location and therefore, the best leads.”

### Personalization and Localization

With its ability to provide qualified, quantifiable leads at low prices, search engine advertising is poised to become a profitable resource for even more apartment management companies.

“With search engine advertising, there is something new every day,” Wilson said. “It’s a huge undertaking, but you have to do it because otherwise your competitors using search engine strategies are getting your prospects. The Internet is the premier hunting ground for leasing prospects. When you have a well-planned strategy in place, then qualified leads will be delivered to you on a silver platter.”

Keator said he thinks search engine ads can unlock untapped potential in Internet marketing. “What does the future hold? To answer that question, I would have to have a crystal ball,” Keator said. “But right now Equity gets 15 percent to 20 percent of its leases from the Internet, and there is still tons of opportunity there. I think it could be closer to 50 percent.”

At Overture, localization and personalization are the buzzwords when it comes to the future of search engine advertising, Freeman said. For example, search engines are developing technology that will allow them to customize searches based on users’ preferences and history.

“Personalization is going to start to get more and more important. The search

engine should almost be able to finish your sentences for you,” Freeman said. “The mantra for the future is becoming smarter and increasing relevance through improving technology. We want to be able to give our advertisers new and better leads.”

Part of that evolution will include increased attention to local searches, for example, helping users search for apartments within a select geographic area. “Consumers will be able to find what they want nearby,” Freeman said. “And advertisers will be able to target people in their area.”

When search engines improve their local search ability, they will be able to cater to a wider variety of companies, Keator said.

“One of the challenges for those [apartment] companies that are smaller or concentrated in one region is that the search engines are not local enough, and there is a lot of weeding users have to do in order to find what they want, where they want,” Keator said. “It is still very fast, but on the Internet, nothing is quick enough.”

As companies like Southern Management trade in traditional ads for online marketing, Sutton said he thinks other media will adapt to include search engine advertising’s strong points.

“Search engine ads will influence how other advertising is done,” Sutton said. “Other ad media will try to start using some of the same ideas—tailoring pricing to match targeting, and making sure you get something for what you pay. But I think it is still too early to tell what the future holds or make a definitive statement.”

For Cohan, search engine advertising is an economical marketing tool that has proved a smart investment for his company.

“Because the medium is so young, right now it is tremendously affordable, but I think that is going to change as more and more people start to use it,” Cohan said. “I see expanding our search engine marketing as long as there is something to be gained from it and as long as the price is right.” ■

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