The ROI Of SEO

Build The Business Case For A Holistic SEO Program

by Collin Colburn and Casey Sirotnak
November 19, 2020

Why Read This Report

SEO is necessary for any company with a website; it's critical to driving traffic, leads, and revenue. This report helps B2C marketing professionals make the case for investment in a holistic SEO program. It provides an ROI model for SEO program expenditures using Forrester's Total Economic Impact™ (TEI) framework.

Key Takeaways

B2C Marketers Struggle To Model The ROI Of SEO
The top challenge for marketers managing SEO is understanding return from their investment. Marketers must take a thorough look at the costs and benefits of SEO, and show how it drives incremental value.

Forrester's TEI Framework Helps Marketers Develop A Business Case
We present a model for capturing ROI that cuts through the complexity of SEO investments. It breaks down the benefits and costs while factoring in risks and flexibility.

Customize The Model To Fit Your Organization's Context
The model is an interactive workbook that marketers can change to fit specific technology costs, website components, and objectives.

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Build The Business Case For A Holistic SEO Program

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Promising More Website Traffic Isn't Enough To Secure SEO Funding

Marketers across all industries care about search engine optimization (SEO) because it improves website experiences, boosts visibility in organic search results, and drives leads, sales, and revenue. But marketers we speak with often struggle to build the business case for funding a cross-functional SEO program.[1] And this isn't a new trend — marketers have been challenged to measure the ROI of their SEO efforts since Google's inception.[2] Why? Many organizations do not have a cross-functional SEO process in place. Marketers will find issues or opportunities on the site while implementing SEO but not be able to make the necessary changes because the ownership of site implementations is outside their control. It's no wonder that nearly 80% of marketers have an SEO budget that's less than $500K.[3] But there is a way to build a rock-solid business case for SEO — whether you need a brand-new program or to improve your existing one. Marketers must:

› **Quantify all potential contributions from the new or improved SEO process.** A cross-functional SEO process will result in fewer hours spent in Excel and more time dedicated to strategic initiatives. That's because a well-run SEO program will also work in coordination with the media team to identify cost reductions in paid search, content marketers to determine ideal content topics to engage customers, and web developers to make technical changes. To argue convincingly for the investment, marketers should explain how SEO will fit into their existing marketing strategy and integrate with other functional teams.

› **Account for all costs.** This is where we see marketers struggle most in building a business case because SEO expenses aren't always easy to quantify. While costs associated with SEO tools or agencies are straightforward, marketers must also calculate labor costs for stakeholders across IT and marketing. For instance, a web developer will likely spend a few hours per week making site changes to help improve site visibility in search engines. So look for a portion of expenditures to be related to time and effort from internal resources in addition to those third-party fees for technology and ancillary resources support.

› **Assess risk.** Marketers responsible for SEO must account for unplanned hiccups while formulating and implementing an SEO process. What happens if your one SEO manager leaves? What if it takes longer than expected to realize benefits? Will cross-functional stakeholders implement site changes and follow SEO best practices? How will you manage for Google's constantly changing algorithm? Incorporating these internal and external risks makes the model more realistic.

Use Forrester's TEI Framework To Make The Business Case

B2C marketers face organizational and cultural barriers to earning additional budget for SEO. They can use Forrester's TEI methodology to overcome those challenges by demonstrating the tangible value of an SEO program. Key elements of this business case methodology include communicating a business problem, proposing a solution that meets objectives, and supporting that choice with financial analysis (see Figure 1). The methodology helps B2C marketers quantify operational gains and incremental

performance lift and account for technology and service costs. It also incorporates risk factors and deferred benefits (see Figure 2). Forrester has provided an example of what an investment in a SEO process looks like, using average benefits and costs rates we have garnered from our research. You can use the associated interactive workbook to create a financial analysis for your business case (see Figure 3).

FIGURE 1 Key Elements Of The Business Technology Business Case

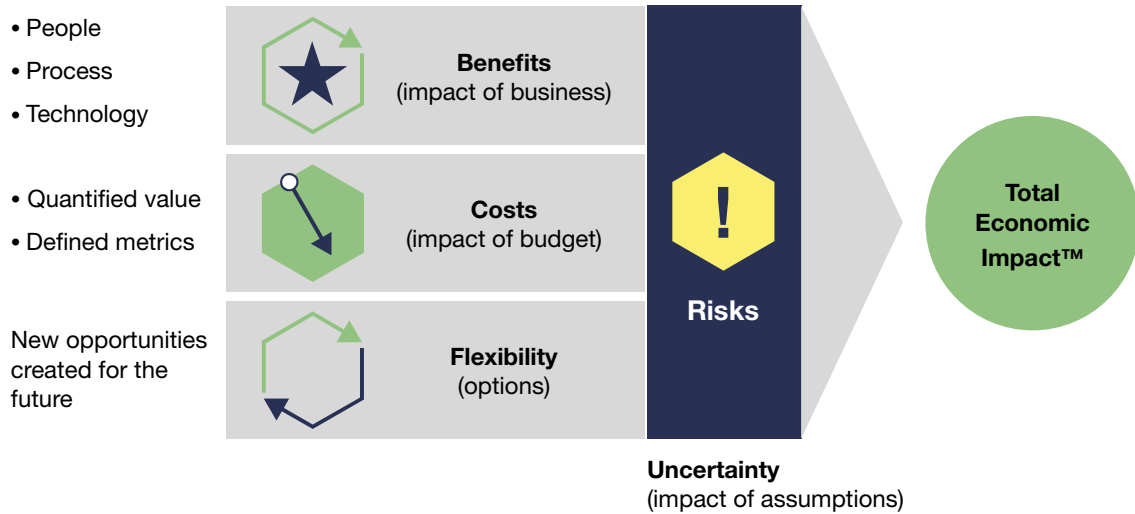| Section name	Description
Executive summary	Should stand on its own
Problem description	The "why" of the project
Current practices	Describes current state
Best practices	Describes ideal state
Gap analysis	Difference between current and ideal
Solution description	The "what" of the project
Solution overview	How the problems will be addressed
Resource requirements	Includes both project resources and those required to support resulting business changes
Alternatives considered	Adds credibility to the recommendation
Project timeline	Shows scope and scale of effort
Risk analysis	Describes areas of uncertainty
Key goals and metrics	Success metrics, baselines, and projections
Financial analysis	Translates the project into business value

Source: "Key Elements In A BT Business Case" Forrester report

FIGURE 2 Forrester's Total Economic Impact™ Framework Examines Benefits, Costs, Flexibility, And Risk

The objective of the Total Economic Impact™ (TEI) framework is to identify all of the factors that affect an investment decision

- People
- Process
- Technology

- Quantified value
- Defined metrics

New opportunities created for the future

Benefits
(impact of business)

Costs
(impact of budget)

Flexibility
(options)

Risks

Uncertainty
(impact of assumptions)

Total Economic Impact™

FIGURE 3 An ROI Model For An SEO Process Leveraging Forrester's Total Economic Impact™ Framework

The spreadsheet associated with this figure is interactive. These tables provide a summary of the costs, benefits, ROI, and payback period over a three-year time horizon. The first table contains the totals based on the inputs on the cost and benefit tabs. The second table applies the risk levels, set on the risk tabs for both benefits and costs. As assumptions are changed on the later tabs, these totals will update. For the purposes of this exercise, this model makes assumptions that marketers make when evaluating their investment in an SEO program.

Discount rate	10%	changeable cell

Original estimates

	Year 1	Year 2	Year 3	Total	Present value
Costs	($348,000)	($348,000)	($365,600)	($1,061,600)	($878,647)
Benefit	$3,618,248	$3,240,904	$2,819,930	$9,679,082	$8,086,404
Net	$3,270,248	$2,892,904	$2,454,330	$8,617,482	$7,207,757
Cumulative	$3,270,248	$6,163,152	$8,617,482	$17,234,964	$24,442,721
ROI	820%				

Risk-adjusted estimates

	Year 1	Year 2	Year 3	Total	Present value
Costs	($383,400)	($383,400)	($401,880)	($1,168,680)	($967,343)
Benefit	$3,076,496	$2,755,754	$2,397,926	$8,230,175	$6,875,893
Net	$2,693,096	$2,372,354	$1,996,046	$7,061,495	$5,908,550
Cumulative	$2,693,096	$5,065,450	$7,061,496	$14,122,991	$20,031,541
ROI	611%				

Determine Revenue From Incremental Earnings

Forrester's TEI framework includes top-line revenue gains from improved SEO effectiveness. The framework accounts for:

› **Improvements in site traffic.** Nearly 40% of marketers managing SEO say that their top goal for their organic search strategy is to increase traffic to their website.[4] Optimizing your SEO process will bring more visitors to your site by increasing visibility in organic search results. The TEI model reflects and quantifies expected increases in website traffic, which can be tailored based on the organization's current annual web traffic and their specific goals.

› **An upgraded user experience (UX).** Marketers that optimize their websites for search engines will also improve the UX at the same time, resulting in an uptick in conversions attributed to organic search.[5] In fact, 40% of marketers observed an improvement in conversion rates after adopting or optimizing their SEO process.[6] Conversion rates from organic search traffic for these marketers went from as low as 1% to as high as 20%.[7] Our model accounts for this improved UX and conversion rate.

Add Savings From Operational Efficiency

In addition to incremental earnings, SEO programs can create efficiencies in other areas of your business. Forrester's TEI framework splits them into two primary groups, capturing benefits that:

› **Recognize productivity gains.** Our model considers process efficiency boosts associated with an improved SEO program. Specifically, marketers often adopt SEO technology solutions to aid in tasks like reporting, insights generation, and content creation. These tools help to automate the SEO process and result in less time spent on laborious, excel-based work. On average, marketers that adopted an SEO platform reported a reduction of 28 hours per month spent on key SEO tasks.[8]

› **Identify paid media savings.** Marketers with a holistic SEO process in place collaborate often with media teams, specifically paid search, to optimize keyword lists and campaigns. As a result, paid search and SEO synergies can be more easily tapped, reducing media spend where organic search can take the lead in capturing customer intent. A client reference in our recent SEO platforms Forrester Wave™ told us, "Our SEO team includes the paid search team in weekly meetings to optimize the terms we are pursuing, and it has made our paid search spend more efficient." We account for these savings in our TEI framework.

Subtract The Costs Of Technology, Additional Resources, And Related Services

Once you have quantified the performance enhancements and operational benefits that come from investing in an SEO process, subtract the costs to arrive at your TEI estimates. The model accounts for the following costs:

> **Technology.** The model accounts for costs associated with adopting SEO tools to automate the process, one of the first steps we see marketers take when they start to establish an in-house SEO program. But you can't expect to have just a single SEO platform in place. We've found that the average marketer managing SEO employs three tools to aid in keyword research, competitive intelligence, reporting, and measurement.[9]

> **Additional headcount and time spent by cross-functional stakeholders.** Technology, while helpful for automation, cannot do all of the SEO work. Marketers typically have one or two roles fully dedicated to SEO even before putting a holistic SEO process in place. We estimate that you will need to add at least one additional headcount per year to keep up with content, technical, and measurement needs. In addition, a holistic SEO process requires bringing in cross-functional stakeholders.[10] Our model quantifies the costs of added hires and the time spent by stakeholders outside of SEO — like IT, web development, and content writers.

> **Third-party services.** The trend over the past few years has been to take SEO in-house. But we believe that the ideal future state for SEO organizational models is a hybrid approach of in-house responsibilities with outside support. For that reason, we account for ancillary consulting fees or agency retainers that marketers may incur.

Adjust Benefits And Costs Based On Risk

Forrester's TEI framework considers calculated risks that may increase costs or decrease projected benefits. The model quantifies risk based on time, cost overruns, and missed goals. To increase its accuracy, the TEI model factors in these risks and applies probabilities for achieving stated goals. Events accounted for here can include delays from integration or organizational hiccups, longer-than-expected time for improvements in search ranking, and changes in customer searching behavior.

Recommendations

Update Model Assumptions Based On Context And Marketing Goals

Forrester's TEI model uses assumptions to simplify the financial analysis for users while remaining comprehensive. One size does not fit all, so B2C marketers should modify the assumptions in the framework based on the fundamentals of their website and marketing goals. This is important because:

> **Costs and benefits vary widely from one organization to another.** Website traffic can range from hundreds of thousands of visitors annually to billions; our composite organization in the model has annual site traffic of 875 million. In addition, marketers stand up their SEO programs from different states of maturity. We recently spoke with two different Forrester clients trying to make the business case for further SEO investment — one who had already stood up a cross-functional SEO process and needed additional headcount, and another client just getting started who had no one responsible for SEO in their organization. The expected benefits are different for each client, and savings may scale depending on your organization's current state and desired future state.

› **Risks will depend on various factors.** Calculate risk with realistic context. Our model accounts for calculated risks and benefits to reflect potential variance in final results. Marketers can adjust the level of risk based on their confidence in executing their SEO program within a year and on its potential impact. For example, if marketers are already confident in their ability to identify and fix content and technical issues onsite, then the risk level can be lowered. But the risk level can also be increased for paid media savings if they aren't confident in their ability to collaborate with their media teams. In addition, we factor risk into the costs section. For example, firms with several employees partially dedicated to SEO should increase their risk percentage for recurring resource costs; it will be more difficult to discern the time they spend on SEO activities compared to a full-time employee dedicated to SEO.

› **Your customized model can help assess performance after implementation.** Don't treat the business case justification and TEI framework as a one-time effort prior to implementing an SEO program. Your SEO strategy must evolve as customer behavior and the competitive landscape changes. The model provides you with two useful capabilities after your SEO program is up and running. You can: 1) validate your assumptions to sharpen future models and 2) use the metrics in your model to determine if your program keeps pace with customers and with competitors' programs.

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Supplemental Material

Online Resource

The online version of Figure 3 is an interactive tool to help you create a financial analysis for your SEO business case. Click the link at the beginning of this report on Forrester.com to download the tool.

Endnotes

[1] A cross functional SEO program means involving all necessary stakeholders — marketing, IT, web development, content strategists, PR — in your SEO process to most effectively increase visibility and traffic to the website. See the Forrester report "Top-Notch SEO Requires Seamless Coordination, Not Another Siloed Team."

[2] In a report from 2018, we documented that two-thirds of marketers said their greatest challenge with SEO is measuring the ROI. See the Forrester report "The Five Search Marketing Trends To Know In 2018."

[3] Source: Forrester's Q3 2020 SEO Platforms Forrester Wave™ Customer Reference Survey.

⁴ Source: Forrester's Q3 2020 SEO Platforms Forrester Wave™ Customer Reference Survey.

⁵ See the Forrester report "Ten SEO Best Practices That Your Site Can't Live Without."

⁶ Source: Forrester's Q3 2020 SEO Platforms Forrester Wave™ Customer Reference Survey.

⁷ Source: Forrester's Q3 2020 SEO Platforms Forrester Wave™ Customer Reference Survey.

⁸ Source: Forrester's Q3 2020 SEO Platforms Forrester Wave™ Customer Reference Survey.

⁹ See the Forrester report "The Forrester Wave™: SEO Platforms, Q3 2020."

¹⁰ See the Forrester report "Top-Notch SEO Requires Seamless Coordination, Not Another Siloed Team."

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