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Google's incentive for entrepreneurs: internet tools for Search Engine Optimization and online advertising

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Google's incentive for entrepreneurs: internet tools for Search Engine Optimization and online advertising

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The goal of the thesis is to assess the effectiveness of Search Engine Optimization on E-commerce for small companies. A case of study method was chosen: the Search Engine Optimization approaches presented in the review of theory were tested at the Rovesti Technologies Company.

The review of theory exposes online advertising and Search Engine Optimization's characteristics and strategies, with particular focus on Return on Investment. Relevant material for this thesis had been collected from internet official user guides, online published PDF articles, the Laurea library, the Leppävaara library, and the library at University Diego Portales in Santiago de Chile.

Rovesti Technologies implements a non-paid placement strategy known as organic Search Engine Optimization; its outcomes will be presented in terms of Visitors, Page Views, and Return on Investment.

It was chosen to review Google online advertisement tools available through the Google AdWords interface in order to retrieve the necessary data for planning a Search Engine Optimization campaign. The following tools are presented in elaborate: Google Keyword Tool's applications for keyword characteristics and trends; Google Placement Tool's applications for linking campaigns; Google Insights for Search for understanding seasonal trends over keywords.

The researched data refers to the Search Engine Optimization campaign carried out between July 2011 and January 2012 at the Rovesti Technologies. Its outcomes in terms of Visitors and Page Views are presented as conclusion through Smarterstats web analytics' statistics, with a growth of 735% between July 2011 and January 2012.

The examination of the results states the importance of a basic in-house Search Engine Optimization knowledge, jointed with periodical outsourced professional consultancy. Rovesti Technologies' E-commerce data shows a positive Return on Investment, considered the average annual ROI for organic SEO set to a 50% by Eric Enge (2010).

The company's Return on Investment is calculated dividing E-commerce revenue for 2012 by the total cost of the Search Engine Optimization campaign, and it's set to 37,5% over a 5 months period. All the data used for Return on Investment calculation comes from Rovesti Technologies' invoices and balance sheets.

Rovesti Technologies is a small firm in the Italian cosmetic business, the results achieved during the case of study should be considered valid only for small companies in similar business environments, with highly developed internet usage, and western world-similar business competition rules.

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1 Introduction

Theory review and explanation of selected Google internet tools are channeled via case of study method to assess the best option for small companies regarding online advertisement and Search Engine Optimization. Data and experience from the case of study is Rovesti Technologies is based in Via Olgiati 26, 20143 Milan.

Its niche market is Bio-cosmetics: the experience of four generations of scientists assures the quality and effectiveness of its products; which are developed based on high quality active ingredients and tried out formulas.

The company's main activity is however specific consulting on the cosmetics field. This is carried out usually for firms which are more orientated to production and less to research and development, but also for smaller clients such as SPAs, Hotels and beauty farms.

The Rovesti Technologies recently launched a new brand, under the name of Sonia Rovesti Cosmetics (SRC). The aim of the new brand is to advertise and prompt the idea that a constant use of natural effective cosmetics can determine a relevant improvement in the condition of the skin. (More information is presented in appendix 1).

Investing in Search Engine Optimization is an issue that every modern company is likely to face. For a better understanding of the matter, a theoretical explanation is given, followed by a practical overview of the data mining tools used to collect relevant data and statistics, and a solution key derived via case of study method through data-driven decision making.

2 Review of theory

2.1 Investing in advertising: a low budget point of view

Whenever a newcomer enters the market, one of the main challenges is to make its product and its services known to the consumers. In business such operation is called advertising, and is defined as follows:

“Advertising is defined as any paid form of non-personal communication about an organization, product, service or idea by an identified sponsor”. (Belch, 2004. 16)

For a small sized company the challenge is to obtain a relevant share of market with a limited investment. However, the market share has to be big enough to cover the company expenses for all of its business activities, the cost of its debt, and yet leave a margin for growth and future investments.

As will often be underlined by this study, the successful formula for a small newcomer entering a competitive market is to find the right value per money balance.

While reading advertising and promotion books, it is clear how most of the strategies and campaigns are impossible to implement for small sized companies with limited budgets. The size of a company in the business environment is estimated through its turnover, assets and number of employees.

According to Gillhams Solicitors (Gillhams.com, 2012) a small company has an annual turnover of £5.6 million (€6.7 million) or less, assets on the balance sheet of £2.8 million (€3.3 million) or less, and 50 employees or less.

Nowadays small companies tend to rely more and more on internet advertising, because its advantages fit particularly well to problems related to a limited budget.

Even so, especially for companies selling a physical product, a successful advertising and promotion campaign on the territory is important to create customer communities, able to create a solid base for the company.

Offline activity is indeed believed to enhance online effort in advertising, and to create trust communities particularly receptive to all kind of advertising activities promoted by the company (Enge, 2010).

2.2 Online advertising overview

Advertising on the internet represents a significant evolution and creates new valuable possibilities for small companies to reach targeted customers. The growing importance of online advertisement is demonstrated by the growth of investments in the sector. As for 1995, \$54.7 million were spent globally in advertising over the internet. The numbers grow exponentially, hitting \$7.25 billion in 2003 and \$16 billion in 2006, with 2002 representing the only year of recession in the online advertising history (Digital marketing and media fact pack, 2007). The increasing use of the internet in everyone's daily life, together with the opening of recent potential markets in India, China, Latin America and in the rural Russia, give positive expectations for the trend to keep growing during the years. Furthermore broadband technology allows new and diverse options for advertising over the internet (O'Guinn, 2009).

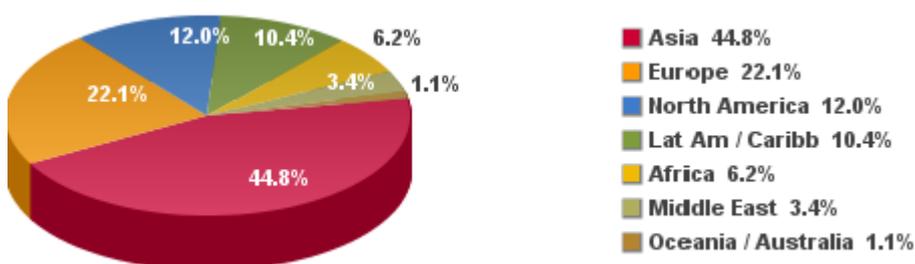


Figure 1. Internet users in the world; distribution by world regions, 2011. (Miniwatts, 2012)

This data, compared to the penetration rate expressed by figure 2, demonstrates the potential of Asia; that counts on 44.8% of the world's internet users, even with a low 22.6% penetration rate (against 78.6% of the United States, already getting close to their full potential). (Miniwatts, 2012)

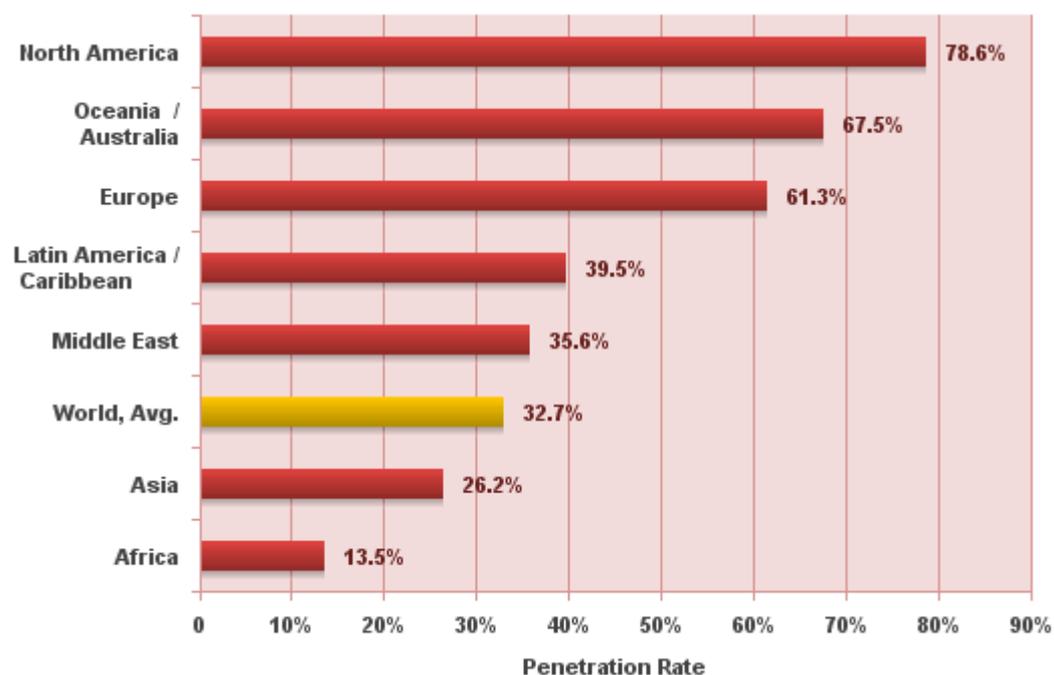


Figure 2. World internet penetration rates by geographic region 2011 (Miniwatts, 2012)

Online advertising can be manifested in several different ways (Belch, 2004):

- Banner ads (Banners). Side panels used for awareness and direct marketing objectives. Their effectiveness is still discussed; it is often paid by CPM (cost per thousand) and guarantees the advertiser a fixed number of impressions. It isn't targeted, which mines its effectiveness, on the other hand it's a rather easy way to advertise.
- Sponsorships. It is called regular sponsorship when a company pays to sponsor a section of a site; while it's called content sponsorship when the sponsor not only provides money in return for name association, but also participates in providing the content itself. Being exclusive it's an expensive advertising choice, and it provides the publisher with a fixed safe income. Though it's often not convenient for the advertiser in terms of ROI. Nevertheless it gives strong brand association and therefore it affects intangible assets such as brand positioning, which is difficult to quantify, but not for this reason less valuable. Surely branding lies within a strategic focus belonging to larger companies, and not for the ones struggling against small budgets. (Ad-Juggler, 2009)

- Pop-ups/Pop-unders. Little windows that appear at the moment of entering (Pop-ups) or leaving (Pop-unders) a page. Even though statistically 90% of users dislike such way to advertise some websites still use it on large scale. With the coming of new browsers this strategy has become less effective, since all the latest versions include Pop-ups/unders protection.
- Interstitials. Ads that appear on the screen at the moment of downloading something.
- Push technologies or web-casting. Technology nowadays allows sending over to personal computers targeted specific information about the user's interests. This is possible through the browser's "history" that tells the internet about the user's personal interests in a form of most visited sites or most viewed categories of sites.
- Links. They redirect the user to some chosen particular webpage on the net: it is actually a more interactive form of advertising, since it must be followed on purpose by the reader.
- Affiliates. Affiliate advertising conceptually happens when an advertiser regards a publisher. Special tracking codes can tell the advertiser which sites a visitor comes from, allowing her to reward the publishers accordingly. It is a quite lucrative activity for publishers. Advertisers have guaranteed commitment from publishers since the latter gets a share of the profit.
- Pay-per-click. It is becoming the best solution for entrepreneurs and small businesses, since it allows the advertisers to pay just per click-through, and therefore to turn even little money into potentially highly valuable traffic. The ad could though be a waste of space for publishers, since no clicks would mean no profit. However this advertising method is related to search engines and portals, which already in 2009 controlled the biggest share of world internet advertising (AdJugger, 2009). Search engines master targeting techniques that permit them to display extremely specific ads related to the user's search, and hence obviating missed clicks and profit issues. The most popular pay-per-click advertising method is available for publishers via Google AdSense and for advertisers via Google AdWords, which is extremely user-friendly and was considered as the preferred online advertising solution for Rovesti Technologies. More specific insights over Google AdWords are given further in the thesis.

2.2.1 Online advertising characteristics

Advertising over the internet represents a unique opportunity not only because of the new technologies in use. Online advertising includes considerable advantages over traditional Medias, as expressed by O'Guinn (O'Guinn, 2009):

➤ *Target market selectivity*

It takes a lot of time and research for traditional Medias to follow traditional market segments and focus on specific interest areas. The internet is naturally structured in

different interest areas, because common interest is an inner characteristic of communities, forums, and most webpages.

Technology also allows tracking users, enlarging the chance to follow traditional market schemes based on demographics, geographies, and psychographics.

➤ *Tracking*

Habitual problem for advertisers is to find out the results of a campaign. Thanks to tracking technologies and analytics, with the online advertising results are easier to estimate and advertising campaigns are easier to assess.

➤ *Deliverability, Flexibility and Reach*

No Media, by technologic characteristics, is as global as the internet. Online material is potentially accessible from all over the world, and according to the expectations internet usage is to increase in the future (Clickz.com, 2012).

➤ *Interactivity*

The internet technology gives the user chance to instantly interact with the campaign, shortening its response-time via click-through. High level of interaction with the client is at the base of E-commerce and is one of the main reasons for the internet's great sales potential.

➤ *Integration*

Web advertising is easily integrated with the other components of the marketing mix. Online ads can be used to point out information from other media's campaigns and its feasibility to be quickly updated is excellent for spreading news, promotions, and to prompt promotional events.

2.2.2 Relevant data for online pay-per-click advertising strategies

In order to build advertising strategies, it is essential to be familiar with the costs of online advertising and with the seasonal trends, which characterize different products and services. Banners in leader portals and webpages can be bought per day for prices that are constantly growing and getting closer to the cost of a television spot. A banner ad on a portal like Yahoo! or MSN cost around \$500.000 per day in 2009. (O'Guinn, 2009)

A better solution for small sized companies is to pay ads per click (CPC). The cost can appear per thousand clicks in case of larger numbers, or per click-through, according to how many single visitors accessed a page via clicking the ad. (O'Guinn, 2009)

Google offers diverse possibilities to access paid placements via the user-friendly interface of Google AdWords, with a nowadays even larger audience thank to the acquisition of YouTube, an of the Google AdSense campaign to increase the number of Google-partnered websites and publishers, called Google Display Network. In addition to Google, even other search engines such as Baidu, Yahoo and Bing offer advertising services, and even though in the western

world (Asia is an exception) they reach a smaller audience, they could be taken into consideration to extend online advertisement efforts.

Google AdWords became leader in the online advertising market and represents the main font of revenue for the Google Company. (Dan Frommer, 2012)

AdWords provides a large audience by allowing advertisers to place ads on the Google search engine pages and on the Google Display Network (the collection of Google's partner websites, prompted by Google AdSense solutions for publishers). The potential effectiveness per money is enhanced by selecting specifically targeted audiences: ads are displayed according to related searches. (Google AdWords help, 2012)

Google AdWords campaign ads costs are calculated on a cost per click bidding bases (CPC). Google sets no minimum amount of money for the start of a campaign, and the maximum amount per click charged is decided by the advertiser, that consequently doesn't exceed the prevised costs. Furthermore Google runs an auction every time ads are displayed: the advertiser will always pay the lowest possible amount to get the ad in place (and however never more than the agreed maximum). (Google Adwords help, 2012)

Google AdWords also provides 2 tools (among others) which dispense valuable information for advertisement strategy building: the Google Keyword Tool and the Google Placement Tool. The Keyword Tool is also used for Search Engine Optimization purposes, and it links to features like Google Insights for Search, which allow understanding customer behaviors, average suggested CPC, and to estimate seasonal (differences over the year) interests over products and services.

The placement tool is more like a direct measurer of webpages with a good visibility in a certain business area or market segment. The information is valuable because it allows identifying competitors and/or possible publishers and partners. Furthermore placing ads or links on these suggested pages guarantees reaching targeted audience, and hence increases the potential value of the placed ad. Nevertheless Google Placement Tool covers just part of the potential valuable audience, that is to say just Google pages and the ones which joined the Google Display Network.

2.3 Return on investment, assessing campaigns and increasing revenues

The ROI ratio is fundamental to understand the impact of an advertising campaign, as it measures the profits to the advertising costs.

In an advertising campaign the formula to calculate ROI is as simple as: $(\text{Revenue} - \text{Cost}) / \text{Cost} = \text{ROI}$. (Google AdWords Help, 2012)

The problem is often to determine the revenue that was actually prompted by the campaign, and not to inflate the ratio with results that do not depend on it.

In online advertisement this task is slightly easier: the assessment of revenue created by the campaign can be calculated through *conversions*.

A conversion takes place when a click on an ad leads directly to valuable behavior, such as purchase, newsletter sign-up, lead, view of certain page, download. In general a conversion is whatever valuable action generated by the click on an ad, the definition of valuable action may vary for different businesses (Charlesworth, 2007). There are 2 way of calculating conversions, the correct one depends on the type of report that is being generated:

- Conversions one-per-click. Counts one conversion from the valuable actions of a single IP over 30 days: “If a customer clicks an ad and then makes multiple conversions, only one conversion is counted using this method” (support.google.com; 2012)
- Conversions many-per-click. Counts n number of conversions for n number of clicks. This kind of conversion is ideal for behaviors that generate value every time they arise, such as a purchase action.

Google offers two different tools to help evaluate conversions: Google Analytics and Conversion Tracking.

Conversion Tracking is simple to use and excellent for assessing just conversions. To generate Conversion Tracking reports is enough to add a small tracking code to a website’s HTML code. The tracking code is automatically generated by Google. However the data considers just conversions generated by a direct click on the ad. Returning customers and related searches will not be considered. The revenue and the consequent ROI resulting from such assessment are this way the lowest possible and ward off the danger of too optimistic expectations.

A more comprehensive tool is Google Analytics: it provides more information about where clicks are coming from and gives assessment of the total flow of customers through a website. In the same way of Conversion Tracking, also Google Analytics works by adding a tracking code to a website’s HTML code. It could also be a great comparison tool together with Conversion Tracking, since it can include conversions that are not coming from and ad (support.google.com; 2012).

The technical difference between the 2 tools results in substantial discrepancies within the 2 reports. In fact Google Analytics uses cookies that last 6 months to two years, whereas the Conversion Tool’s cookies expire after 30 days. To augment the difference even more, in Analytics also simple customer visits are counted conversions.

In conclusion Google Analytics reports appear to be more generous and its numbers more “inflated”. It is then recommendable to use Conversion Tracking data for a more realistic ROI assessment.

2.3.1 Boosting ROI for online advertisement campaigns

The main purpose of the performance data collected in reports is to determine where a certain investment has the biggest impact. ROI ratio doesn't grow spending more money, it grows spending money strategically. In order to choose the best strategy it is necessary to fully understand the relationship between cost and quality (Berman, 2008).

Google helps users understand the value of keywords through the Quality Score, an assessment created by a formula that takes various factors into consideration (support.google.com; 2012):

- Keyword past click-through rate (CTR). How often a certain keyword led to clicks on the ad.
- Display URL's past click-through rate. Display URL is the name of the webpage as it appears on the ad; so how often the URL gets a direct click from the ad.
- Account history. Total CTR of all ads and keywords of an account. The commitment of the advertiser over the time is this way considered valuable.
- The quality of a landing page. How relevant and easy to use the landing page is (where the internet user is redirected after the click).
- Keyword relevance to the ad.
- Keyword relevance to the search of the internet user.
- Geographic performance. It depends on how successful an account has been on the targeted geographic regions
- Ad's performance. How successful the ad has been over time.

A Quality Score is calculated and updated every time a keyword matches an internet user's search. An ad containing keywords with high Quality Score is probably relevant to internet users and therefore it receives a privileged treatment. That is why higher Quality Scores can lead to lower prices and better ad positioning. In the specific, high Quality Score directly affects an advertiser's account by increasing the possibility of having an ad on a better position (first page or higher in the page) for a fixed cost-per-click. Not only the Quality Score affects the positioning, but also the price cost of advertising: it's cheaper for high quality keywords to enter an ad auction and they lead to lower cost-per-click. It is no need to augment the value of a bid for a better positioning, since a higher Quality Score compensates the difference with higher bids. Thus, it's part of Google's strategy to protect internet users from mediocre advertisers placing low quality keywords with high bids.

2.4 Webpage relevance, brand positioning and visibility

The best non-paid online advertisement possible for a business is to be easy to find on the web. As for today the internet counts billions of webpages, and almost a miracle how search

engine spider boots successfully scan and provide relevant results within tenths of a second (Enge, 2010).

Research firms Enquiro, Eyetools, and Dixit carried out eye-researches about users search behaviors and demonstrated how important is to be on top of the Search Engine Page Results (SERPs). The amount of attention given by the users to search results drops dramatically from a 100% on result number 1 to a 10% on result number 10. Paid results suffer an even bigger drop of user attention, receiving just a 10% already from result number 5.

Furthermore in a study published in 2006 it is demonstrated (Iprospect, 2006) how 62% of clicks are concentrated within the first page, and 90% over the first three pages. The importance of a good ranking position for a healthy and profitable online activity seems obvious at the light of these facts; figures 3 and 4 summarize these facts on a print screen. (Enge, 2010)

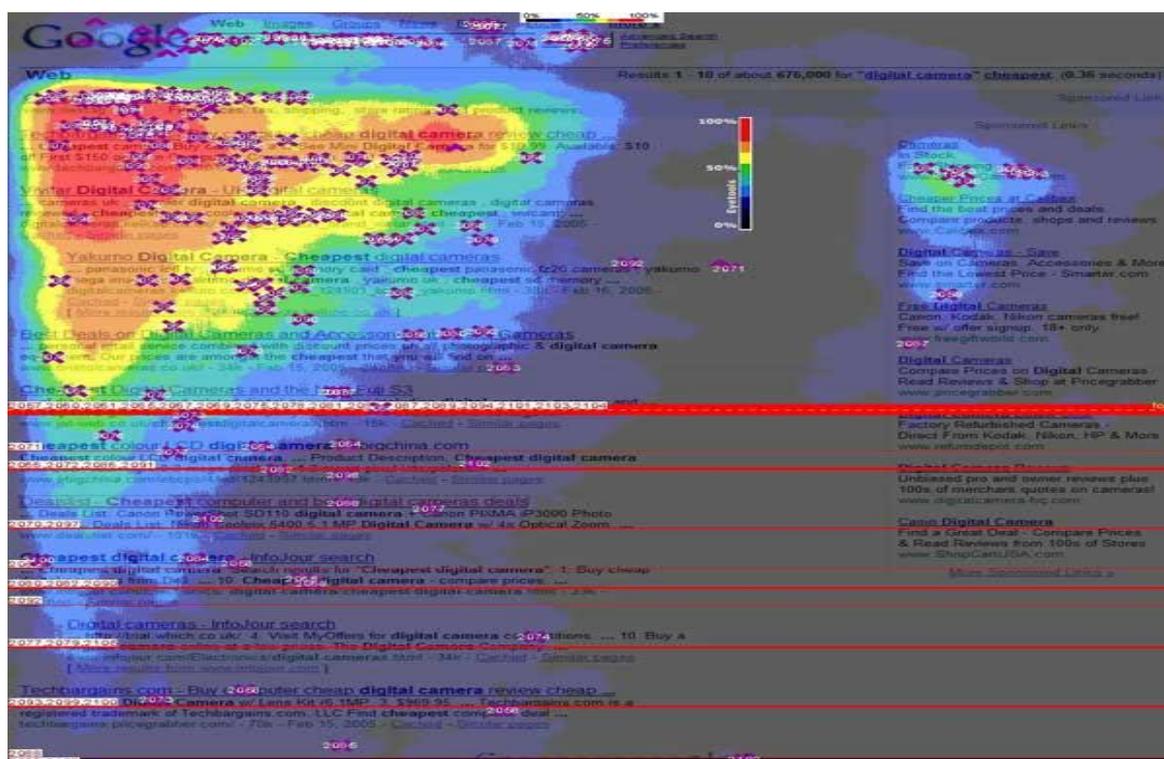


Figure 3. A study of eye movements. Hot colors (red to yellow) represent high interest concentration, decreasing towards cold colors (green, blue, and grey). (Eyetools, 2012)



Figure 4. Represents the click through percentage on Google SERP (search engine result page). (Granka, 2004).

2.5 Search engine optimization

Search Engine Optimization practices can be useful for firms in different ways (Enge, 2010):

- *Visibility (branding)*

Common consumers see the ranking position of a website/ firm in the web as a kind of measurement of trust and success of such firm. Expert search engine users know this assumption isn't necessarily true, but the majority of less "educated" users is still very likely to use this logic.

- *Website traffic*

Website traffic is enhanced mainly in 3 different ways: researching valuable and appropriate keywords, building a site with a spider-boot-friendly architecture, and link-building strategies.

- *High ROI*

"An important component of SEO is to deliver not just traffic, but relevant traffic that has the possibility of converting. The great thing about SEO is that it can result in dramatically improved website ROI." (Eric Enge. The art of SEO, 2010. Page 81)

Although traditional media do not risk to be substituted by Search Engine Optimization practices, Enge shows data evidence of its effectiveness in terms of return on investment. With TV ads ROI estimated at 9%, and public relations at 12%, organic SEO has a 50% ROI. It isn't a case that on the top 3 positions lay 3 different forms of internet marketing: paid placement (63%), organic SEO (50%), and Email marketing (44%).(Enge,2010)

2.5.1 Search Engine Optimization strategies and evaluation

One of the main goals to achieve during a Search Engine Optimization campaign is quality link building. Links are the main factor search engines take into consideration for page ranking (Enge, 2010). In recent years search engine algorithms have become smarter and able to distinguish between valuable links and low quality links. In order to defeat practices like link-farming and malicious-linking, quality is preferred over number. If the link comes from a trustful and respected website, spider-boots read it like a sort of recommendation letter, and thus it will help improving a webpage ranking. It is a fact that in modern Search Engine Optimization 10 good links can bring a webpage where a 1000 bad links cannot; as a consequence of the enormous amount of information available on the net, preferring quality over number is the only way for the future in order to deliver valuable data to the user.

As for 2012, the main search engine used by western world's users is Google. Google's initial algorithm PageRank, invented by Larry Page and Sergey Brin at Stanford University, was strongly influenced by link analysis (Enge, 2010). Hence it is worth spending some time to understand in depth how link analysis should affect Search Engine Optimization strategies and evaluation of its impact on the firm.

Link's meaning to search engines

Search engines use links over the Web for 3 main reasons (Enge, 2010)

- Indexing. Spider-boots discover the majority of webpage that are being indexed for the first time by following links on existing web pages. The probability of being scanned by a spider increases dramatically if a page has links pointing at it. The evaluation of the links pointing at a page is fundamental and will be analyzed later on.
- Ranking. Search engines' algorithms restlessly evolved since PageRank was invented, and they constantly had to tweak in order to avoid webmasters' malicious behavior while trying to take advantage of ranking and indexing rules. Nevertheless link analysis still is one of the main factors affecting the ranking of Search Engine Result Pages.
- Crawl frequency. Highly ranked pages get crawled more frequently. A change in such pages is considered potentially more interesting for users. Since spider-boots daily scan a portion of the web, and they use links as bridges to jump from page to page, they need to choose a starting page for their journey. The starting pages are the high-

ly ranked pages, which being the everyday starting point get scanned on a regular basis, making it easy to recognize changes.

Link building analysis

In order to understand this subject it is essential to know the logic behind the PageRank algorithm, which represents the base for Google's indexing and ranking rules.

Every page has a little PageRank value given by default. In order to win the game, the page has to gain more PageRank through links. Every page shares it's ranking through the number of links that it displays. For example, if a webpage with PageRank X displays 2 links towards 2 different pages, each of these pages will benefit $\frac{1}{2} X$ from the inbound link.

There is an additional complication given by cross-links. Google diminishes the value of cross-links in order to maintain links as a one way vote of merit, and not as a favor that can be returned.

The concept is understandable from figure 5 below.

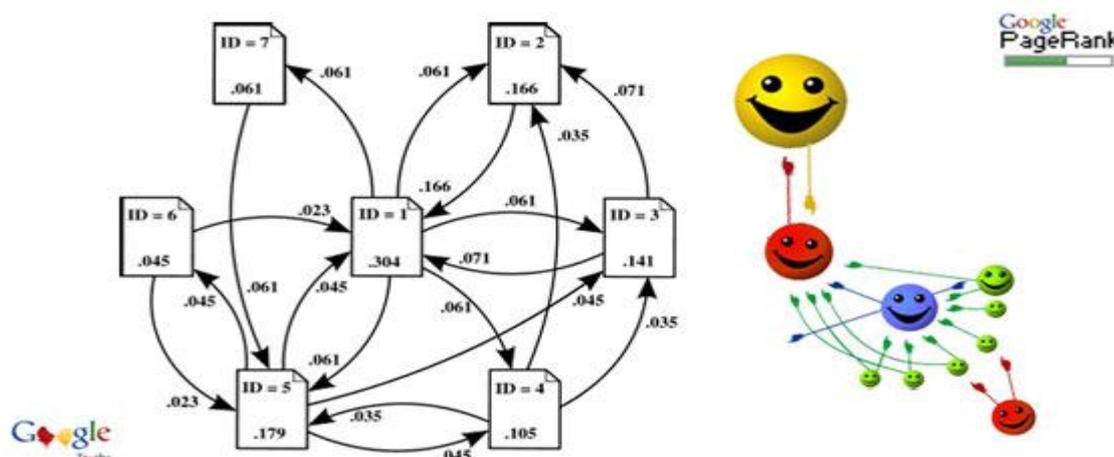


Figure 5. Google PageRank explained. (Google truths, 2012).

The structure of PageRank gave birth to the idea that external linking “leaks” PageRank value towards competitors. Google already announced to have corrected the algorithm to avoid excessive internal linking behavior (linking just self-owned pages to abstain PageRank leaks). (Enge, 2010)

In addition to the PageRank logic, there are several other factors influencing link analysis and evaluation (Enge, 2010):

- Anchor text. The keywords through which the link is displayed.
- Relevance. Links coming from related topics tend to be more valuable.

- Authority. Search engines have secret (unpublished) hubs: pages considered authorities on a topic. Links coming from authorities to a related topic are believed to transfer even more value.
- Trust. Starting from trusted pages, called trust seeds, the trust value is transferred to linked pages, decreasing every click away from the initial seed. At the moment the only online public way to measure the trust value is SEOmoz's Linkscape Tool.
- Source independence. External links have more weight, because the search engine's logic believes that every link counts as a vote of merit towards the destination page. Consequently clusters of sites heavily cross-linked also lose link value.
- Lining domains. Multiple links from a single domain lose value.
- Temporal factors. When did the link appear, when it disappeared, for how long the link existed, and how quickly the links are added are all variables with a weight inside the search engines' algorithms.
- Source diversity. In order to get the best value out of links it's needed to be balanced between different categories of sites. Thus having a similar amount of inbound links coming from social media, university sites, media sites, directories, and so on.

Diversification is the only good defense against the constant tweaking of search engines' algorithms. If the page rank only depends on one factor, it is more vulnerable to changes. It is the same idea of a financial portfolio: diversification is the best way to fight risk.

Search Engine Optimization and Return on Investment

As previously assessed in this paper, conversions are the best way to calculate the return on investment of online activities. Being those paid placements or organic Search Engine Optimization practices.

How to set conversions in order to calculate ROI solely depends on the business, Enge (2010) gives some ideas of possible actions that can be considered a conversion (the idea of conversion has already being explained previously):

- Sales/revenue
- Email/blog/newsletter subscription
- Sign-ups
- Downloads
- Contact forms
- Visitors sharing
- Visitors linking
- Visitors publicizing

As for online advertising, the main problem in assessing ROI for organic Search Engine Optimization practices is the attribution problem. Are results a consequence of SEO practices or is there another reason?

In order to limit the effect of attribution mistakes over the ROI assessment it is useful to set up diverse sets of conversions, trying to highlight the ones responsible for the bigger changes (again differentiation is the best weapon against statistic errors). Furthermore it is need to track unique visitors and their return ratio: studying customers' behavior over the web tells how most of the times the first visits are short. Their only purpose is to gather information while the purchase is carried out later one. Nevertheless those short visits led to profitable behavior and therefore should be recognized and given a role in the conversion assessment.

Search Engine Optimization ROI in 4 steps

Engel (2010) recognizes 4 steps in the ROI assessment for SEO campaigns; the modification of each of these affects the value of the return on investment.

1. Number of people searching for keywords. It represents the number of internet users potentially visualizing the page.
2. Click-through rate. The number of users actually visualizing the page. It varies depending on the positioning among the Search Engine Result Pages.
3. Average conversion rate. The number of users performing a valuable action while visiting the website. As previously explained the definition of "valuable action" is extremely flexible depending on the type of business considered. Average conversion rates for websites usually lie between 2% and 5%.
4. Average transaction amount. The amount of money spent by the user, or earned thank to the user's action.

As stated by Engel (The art of SEO, 2010. Page 397):

"SEO revenue= People searching for your keywords * click-through rate * average conversion rate * average transaction amount"

And consequently

"SEO ROI= SEO Revenue / SEO Cost".

3 Methodology and Data

The review of theory served to highlight the strengths of online advertising and webpage relevance, which offer new opportunities for small companies in the modern competitive environment. In this thesis the theory is brought into practice through a case of study method: the reviewed Search Engine Optimization strategies are tested at the Rovesti Technologies. Data and statistics to assess effectiveness and support conclusions are retrieved using 4 main internet interfaces: Google Keyword Tool, Google Placement Tool, Google Insights for Search, and Smarterstats web analytics. Brief description and guidelines of the selected tools is given to allow the reader repeating a similar experiment if need be.

In the specific it will be presented how to conduct a keyword study via Google Keyword Tool for a potential Google Adword campaign planning, and how keywords also become valuable for enriching the website wording in a Search Engine Optimization point of view. Then the case of study will present how to retrieve valuable websites for a linking campaign via Google Placement Tool, and how to interpret keywords trends via Google insights for Search. The conducted actions will then be analyzed via statistics displayed by Smarterstats, the web analytics in use for the studied website: www.soniarovesti.com.

3.1 Case of study implementation at the Rovesti Technologies

If we are to consider Gillhams Solicitors' numbers (section 2.1), this case of study refers to very small companies with 10 or less employees and an annual turnover of €500.000 or less. What is the key to improve sales and market share, struggling with a low budget?

Rovesti Technologies is a growing company with an annual turnover of €380.000 as for 2010. The firm has had a significant growth between 2008 and 2009 augmenting its annual turnover from €49.000 to €336.000. The following analysis refers to companies with similar prospect and with an average annual expenditure of €10.000 for activities related to advertising and promotion.

The main aim of Rovesti Technologies during the experiment has been to improve the webpage relevance, brand positioning and visibility, optimize investments in promotion, and convey these efforts into sales improvement via E-commerce.

The need for prompting Rovesti Technologies' E-commerce portal is at the base of the case of study and its final result will serve to assess the best options for small budgets to conduct Search Engine Optimization campaigns.

In-house SEO strategic direction was initially taken into consideration after observing the Italian cosmetic business situation. E-commerce seems the most convenient way to prompt sales: retailing points over the territory commercialize products just on a sale or return basis. In other words in order to sell its product traditionally, Rovesti Technologies has to invest for the production in advance, pay for transport costs in advance, and wait for the retailing points to make their sales; this resulting in cash flow discrepancy problems. If the product doesn't get sold, the retailing point simply returns it to the firm without having to pay anything. This is a situation created by presence of big multinational firms in the cosmetic market, which have very different cash flow capacity compared to small firms.

Search Engine Optimization efforts for branding visibility vary from firm to firm and tend to increase if a business hasn't got already a considerable offline visibility.

That is to say that, for example, Nivea and Vichy's websites are going to need much less SEO strategies than soniarovesti.com to appear on the top of the Search Engine Result Pages. Therefore Search Engine Optimization efforts towards a branding direction should be focused on generic search terms, capturing attention for keywords that better describe a business sector rather than more specific search terms. In the cosmetic industry for example rather focus on "cosmetic treatments" or "natural creams" than more detailed searches like "fat reduction".

The bad side of this strategy is clear when compared to high quality score keywords: generic search terms are more likely to have a high competence on the web and a low quality score. Small businesses should therefore structure their Search Engine Optimization strategy more towards website traffic and high ROI, in order to prompt E-commerce.

Rovesti Technologies' website was initially revisited in terms of design, and the statistics given by Google Analytics were strengthened with smarterstats.com. A more detailed annually paid service, provided by the web-host www.aruba.it.

Subsequently an effort was done re-writing the website with a wording focused on low-competence/high quality ratio, in order to limit expenditure and focus on website traffic implementation and high ROI strategies.

3.1.1 Google Keyword Tool applications

Keywords were searched via the Google Keyword Tool in order to plan a potential Google AdWords campaign and to give a proper wording to the webpage texts, with the aim of improving the positioning on the search engines' index.

Google Keyword Tool allows the user to understand how many monthly searches the word under examination receives, globally and locally (on a national bases). Furthermore it is possible to get an assessment of the level of competence around the above-mentioned word.

During the case of study the idea was to recognize a relevant number of local and global searches with a low/medium competence and an affordable cost-per-click.

Getting into the specific research that was conducted for every single keyword, let's analyze a print screen sample of a Google Keyword Tool page; when the keyword "effective cosmetics" was taken into consideration while building the English version of www.soniarovesti.com.

Find keywords Product survey Campaign Ad group

Based on one or more of the following:

Words or phrase: effective cosmetics

Website: www.google.com/page.html

Category: Apparel

Only show ideas closely related to my search terms

Advanced Options and Filters

Locations and languages

All Countries: United States, United Kingdom, Japan, Germany, Brazil

All Languages: English, Japanese, German, Portuguese, Arabic

Include specific content: include adult ideas

Show ideas and statistics for: Desktop and laptop devices

Filter ideas: Competition [Low] [Medium] [High] Remove + Add another

Search

Keyword ideas Ad group ideas (Beta) About this data

Add keywords Download Estimate search traffic View as text More like these Sorted by Extracted From Website Columns

Search terms (1) 1-1 of 1

| Keyword | Competition | Global Monthly Searches | Local Monthly Searches | Approximate CPC (Search) | Local Search Trends |
|---------------------|-------------|-------------------------|------------------------|--------------------------|---------------------|
| effective cosmetics | Low | 320 | 110 | €2.30 | |

Keyword ideas (89) 1-50 of 89

| Keyword | Competition | Global Monthly Searches | Local Monthly Searches | Approximate CPC (Search) | Local Search Trends |
|-------------------------------|-------------|-------------------------|------------------------|--------------------------|---------------------|
| cosmetics and beauty products | Medium | 14,800 | 2,900 | €1.27 | |
| most popular beauty products | Medium | 210 | 73 | €0.97 | |
| beauty products companies | High | 1,300 | 320 | €1.82 | |
| makeup products online | Medium | 720 | 140 | €1.47 | |
| cheap makeup products | High | 720 | 320 | €1.00 | |
| on line beauty products | High | 9,900 | 1,900 | €1.28 | |

Figure 6. Google Keyword Tool search example for “effective cosmetics”.

Observing the interface, Google Keyword Tool offers plenty of valuable information that could be used both for potential ad campaigns and Search Engine Optimization purposes.

The Google Keyword Tool allows the user to narrow the search geographically and on a language basis. In this example is considered an English language search from an IP running in the United States. It is also possible to act on the kind of device being tracked (laptops or mobile devices).

As for the results, the Keyword tool gives various possible parameters, 5 of which are now taken into consideration (Google AdWords help, 2012):

- **Competition**
A number $0 < n < 1$ indicates the level of competition for a given keyword. The competition level increases for increasing number of existing webpages related to the topic.
- **Global monthly searches**
This parameter indicates the total amount of searches in a 12 months average, disregarding the language and country of the keyword match type.

- **Local monthly searches**
This number is extrapolated by narrowing the global monthly searches to a specific country and language. This statistic won't be shown in case of a multiple country/language selection.
- **Cost-per-click**
Approximate cost of a potential advertising bid resulting from the average of all the ad-positions.
- **Local search trends**
This feature, available just for advertisers (it's enough to have a Google AdWords account), shows the fluctuations in Google searches of a keyword over a 12 months period. Data is scaled from 0 to 1 just like for the competition assessment. This statistic is particularly relevant for keyword matches with a seasonal interest (for example "ski"); trends for each keyword are displayed in detail by Google Insights for Search (left click on the keyword for direct link), whose applications will be described later on in the thesis.

Table 1 (below) represents a keyword study carried out by Rovesti Technologies, when 25 keywords were identified while enriching the Italian version of www.soniarovesti.com. Local and global monthly searches represent unique users. The competition level refers to paid placement competition, while the value of CPC (Cost-per-click) represents the suggested bid for a valuable paid placement. The relationship between global monthly searches and CPC suggests the Quality Score of a keyword: a high Quality Score keyword normally requires higher bids even for a moderate number of global searches.

| KEYWORD ANALYSIS | EURO CPC | COMPETITION | LOCAL MONTHLY SERCHES | GLOBAL MONTHLY SERCHES |
|-------------------------------------|----------|------------------------|-----------------------|------------------------|
| cosmetici | | 0,44 medium | 246.000 | 301.000 |
| creme | | 0,51 low | 1.500.000 | 20.400.000 |
| laboratorio | | 0,35 low | 673.000 | 6.120.000 |
| cellulite | | 0,71 medium | 201.000 | 1.500.000 |
| cellulight | | 0,87 low | .390 | 3.600 |
| bagnoschiama | | 0,58 low | 18.100 | 18.100 |
| emulsione | | 0,43 low | 14.800 | 18.200 |
| Sali da bagno | | 0,35 low | 2.400 | 2.400 |
| crema mani | | 0,66 low | 9.900 | 22.000 |
| adipe | | 0,36 low | 22.200 | 40.500 |
| milano | | 0,47 low | 24.900.000 | 37.200.000 |
| risposte degli esperti | - | - | - | - |
| sonia rovesti cosmetics | - | - | - | - |
| crema on | | 0,59 low | 1.830.000 | 6.120.000 |
| bellezza | | 0,65 low | 368.000 | 450.000 |
| crema | | 0,52 low | 1.830.000 | 6.120.000 |
| cosmetici make up/make up cosmetici | | 0,27 low | 33.100 | 65.000 |
| trucco | | 0,43 low | 823.000 | 1.000.000 |
| make up trucco /trucco make up | | 0,51 low | 368.000 | 368.000 |
| diete | | 0,28 medium | 1.220.000 | 5.000.000 |
| adiposi | | 0,41 low | 12.100 | 14.800 |
| acne | | 0,54 low | 246.000 | 9.000.000 |
| brufoli | | 0,6 low | 201.000 | 246.000 |
| brufoli acne | | 0,6 low | 135.000 | 165.000 |
| estetica | | 0,72 medium/low (0.34) | 673.000 | 3.650.000 |
| glycacid | | 0,07 none | .90 | <10 |
| capillari | | 0,32 low | 49.500 | 60.000 |

Table 1. A keyword study for Rovesti Technologies.

Keywords assessments may vary during the year; hence it is possible to view the progress of the values during time via Google Insights for Search. This information is essential in order to plan a promotion campaign for a cosmetic line: each product may treat a problem that is perceived with different intensity during the different months.

Because of this constant shift of interest, potential AdWords campaigns and the ideal wording for a webpage should be dynamic; and constantly change following the general and seasonal interests of the people.

After the improvement of the Italian website, an English version of the website and online shop was created (<http://www.soniarovesti.com/indexeng.asp>), with a careful translation that takes into consideration the search preferences of the English-speaking internet user. Consequently the translations were not straight-forward, but shaped according to the information provided by the Google Keyword Tool, requiring from the keywords the very same levels of high quality score, low competence, and affordable cost-per-click. Every multilingual website should clearly understand that keywords search behavior does not translate. It is necessary to manage the webpage wording and search of appropriate quality score keywords all over again.

3.1.2 Google Insights for Search applications: seasonal interest to affect SEO and online advertising strategies

Google Insights for Search is an excellent tool to study seasonal search behavior over keywords. It can also be combined with Google Keyword Tool to study the path of suggested keywords and assess whether to add them into a webpage or in a potential AdWords campaign.

In addition, Search Engine Optimization is particularly appropriate for companies willing to prompt E-commerce sales. Rovesti Technologies' SEO strategies also include keyword studies over seasonal interest. Many businesses run differently over the year, winter sports related companies sell more during the cold months, while business related to bicycles are more active in summer months. The cosmetic industry has the advantage of having a variety of products that can cover the user's interest over the whole year. It's part of the job of Search Engine Optimization to prompt seasonal aspects of the business even online, with paid positioning and/or dynamically updating the webpage.

Figure 7 is an example of search behavior over the word "adipe" (Italian for "fat"). It shows the trends of search over 12 month time. Data is statistically normalized: the highest number is set to 100, and the following data is a result of a direct ratio (Highest value:100=x:n). If not

enough data is available for assessment, the parameter is set to zero; as for the end of October, where the decreasing value represents a lack of data, rather than a negative trend. The letters refer to suggested Google searches for the same period of time, the trend of the suggested search term can be visualized by clicking on the letter.



Figure 7. 12 months trend over the world “adipe”. Google Insights for Search.

As it appears in the figure, users are more concerned about fat related topics and its relative solutions during the summer months. Google Insights for Search is excellent for determining the long term search behavior over keywords, and prompt differentiate SEO and potential paid placement campaigns over the year, getting the most out of single keywords.

3.1.3 Google Placement Tool and its linking campaign applications

In a Search Engine Optimization focus, Google Placement Tool, provided by Google AdWords, is a good instrument to help users prompting a proper linking campaign.

Indicating the domain (soniarovesti.com), the category (Health Care) and the keywords which better describe the business under examination, it is possible to get advice about webpages and blogs which would be suitable for an Ad or for “link partnership”.

After the research, suitable bloggers and webpages were contacted in order to turn the collected information into visibility and, hopefully, sales.

In the cosmetic area, general marketing strategies to overtake market shares from competitors seem harder to follow. This could result from the nature of the competitors: international brands like Nivea, Vichy, L’Oreal, Eucerin (among many others) with a whole different visibility and budget capacity.

A “door to door” local strategy (in the online sense, hence contacting individually bloggers and webpages, often with personal offers) achieves better results while dealing with low budgets. Several popular Italian “cosmetic bloggers” replied and filmed reviews for their YouTube channels. The video material was then tweeted and added to Sonia Rovesti Cosmetics’ Facebook page. (<https://www.facebook.com/pages/Sonia-Rovesti-Cosmetics/269546179758789>).

Figure 8 (below) is an example of predicted placement. It displays suggested websites for Rovesti Technologies products, where Google thinks could be valuable to place ads and/or links in order to get a better visibility.

It is possible to act on the placement tool in order to filter results and make more educate choices. The search can be narrowed according to language, kind of device performing the search (laptops or mobile devices), and ideas can be filtered to show jus specific ad sizes, ad types (video, picture, or text), or demographics. Furthermore Google Placement tool is featured to refine the search according to the business category, or according to the characteristics of the placement destination, as the Google Display Network includes not only websites, but also videos (YouTube), feeds, games, and mobile applications.

(support.google.com, 2012)

| Placement | Placement Type | Ad Types | Impressions Per Day |
|--|----------------|----------|---------------------|
| atuttonet.it » Benessere.atuttonet.it-FineArticoli, In basso al centro ▼ | Site | | 0 - 10,000 |
| atuttonet.it » Benessere.atuttonet.it:336x280Header,In alto e a destra ▼ | Site | | 0 - 10,000 |
| mr-loto.it ▼ | Site | | 10,000 - 100,000 |
| creafarma.ch ▼ | Site | | 10,000 - 100,000 |
| creafarma.ch » Salute,En haut au milieu ▼ | Site | | 0 - 10,000 |
| creafarma.ch » Salute,Au centre à droite ▼ | Site | | 0 - 10,000 |
| creafarma.ch » Fitoterapia,En haut au milieu ▼ | Site | | 0 - 10,000 |
| my-personaltrainer.it » Sezione Erboristeria, In alto a sinistra ▼ | Site | | 0 - 10,000 |
| my-personaltrainer.it » Area Erboristeria, In mezzo al centro ▼ | Site | | 0 - 10,000 |
| my-personaltrainer.it » Area Erboristeria, In basso a sinistra ▼ | Site | | 0 - 10,000 |
| cosmetico.giochixl.it ▼ | Site | | 0 - 10,000 |
| altrasalute.it ▼ | Site | | 10,000 - 100,000 |

Figure 8. Suggested valuable websites for Rovesti Technologies’ ads.

4 Results and main outcomes

Analyzing the data collected during the case of study implementation, let's assess the effectiveness of the Search Engine Optimization carried out between July 2011 and December 2011.

A comparison of the outcome in terms of Visits and Page Views is then presented between SEO in-house strategies, and the SEO Linkgest management starting from December 2011. A final assessment in terms of Return on Investment compares the cost of the Search Engine Optimization campaign to the E-commerce revenue for 2012 in order to prove its effectiveness.

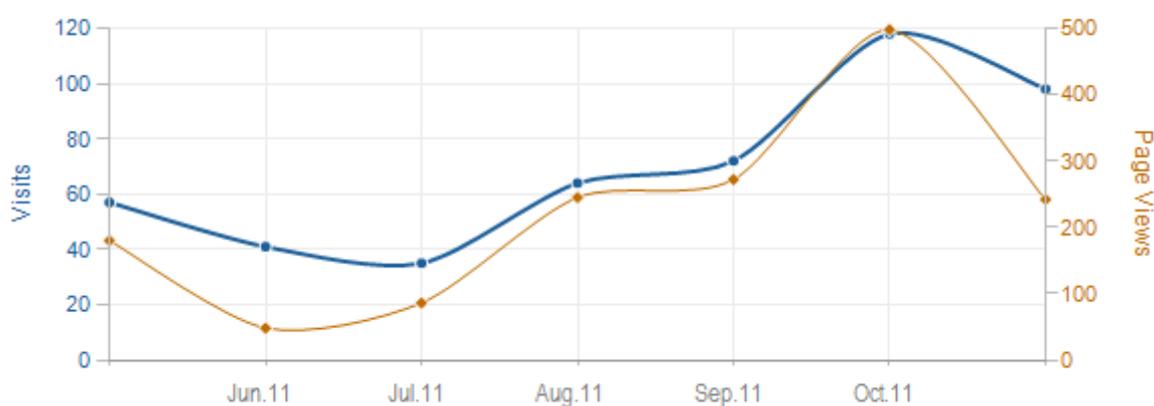


Figure 9. Monthly total Visits and Page Views for soniarovesti.com (Smarterstats)

The gradual growth of visits between July and October reflects the promotion efforts with an increase of 200%, from a minimum of 40 in July to maximum of 120 in October. November's decrease is probably a reassessment due to the fact that no new measures were implemented.

After December, the Linkgest Company began to manage Rovesti Technologies' online activities, and the growth becomes even more dramatic: the Visits for January rise to 442 while Page Views hit 1849, marking a total increase of 735%.

Figure 11 (below) is an example of how linking and online promotion can affect web traffic in the short term; the example refers to a giveaway promotion carried out by Linkgest, and announced by several bloggers.

Giveaway promotions can be a well-thought strategy to attract some interest: in this case the partner webpages posted a link to Rovesti Technologies' Facebook page; by clicking "I like" users become eligible for a draw. The prizes were discount codes, promotion codes, and a selection of free products.

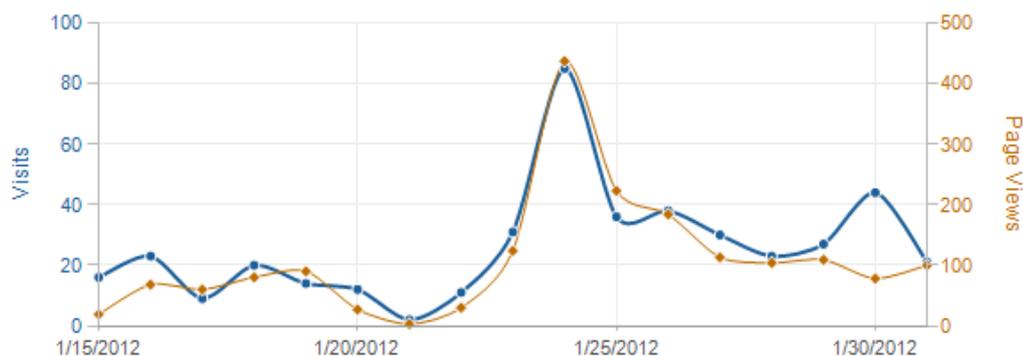


Figure 10. Daily Visits and Page Views for soniarovesti.com (Smarterstats)

The promotion was announced on January 23rd; the response in Visits and Page Views is immediate and considerable: daily Visits for just 23/1/2012 are higher than the whole visits the website experienced in September 2011.

Not only had the Search Engine Optimization campaign given positive results in terms of website traffic, but also in terms of Return on Investment, considering E-commerce earnings.

Between July 2011 and January 2012 Rovesti Technologies has invested € 2952 in salaries of employees with tasks related to website updating and online promotion; and € 1458 in renewal of website architecture, Search Engine Optimization professional consulting, web hosting, and web analytics subscriptions. Hence the total investment for Search Engine Optimization practices is € 4410.

Rovesti Technologies inaugurated its E-commerce activity in January 2012; the total revenue of the online shop over 5 months till May 23rd 2012 is € 1657.

The 5 months Return on Investment is set to $1657 / 4410 = 0,375 = 37,5\%$.

5 Conclusions and examination of the results

In order to assess Search Engine Optimization's effectiveness over the E-commerce activity, the calculation of the Return on Investment was based on the online shop's revenue. In other words the purchase action was considered as the only valuable conversion.

A 37,5% ROI over 5 months is a very positive result, considering that the average annual organic SEO's Return on Investment is 50% (Enge, 2010).

In fact the major expenses for the SEO campaign have already been done, while the sales trend is supposed to continue through the whole year. The ROI is consequently expected to grow in the 12 month valuation.

Furthermore it is need considering common attribution problems related to Search Engine Optimization campaigns. There are additional positive results that are not considered in the numeric attribution of the Return on Investment.

Search Engine Optimization affects web relevance and visibility, which is related to offline purchase behavior. Rovesti Technologies' products are not sold just online, and for this rea-

son it's hard to estimate how many customers discovered the product on the internet, or were driven to buy by the information found on the website.

The ratio Page Views / Visitors, set to $1849 / 442 = 4,18$ for January 2012, also suggests that the Search Engine Optimization campaign has driven quality traffic into the website. Average-ly every user has surfed over 4 pages indicating that the webpage content is appreciated, which could result in increased loyalty towards the brand. Brand loyalty is also enhanced by specific features of the Rovesti Technologies' website, such as the possibility of free online cosmetic consultancy, with the aim of creating a personal approach with the customers. An increased webpage visibility brings these additional services in the condition of giving a better outcome.

In conclusion, a positive Return on Investment and an increase in Visitors and page Views numerically proves an advantageous correlation between Search Engine Optimization and E-commerce. The latter correlation can be considered even more positively at the light of other outcomes, which are more difficult to measure, such as offline purchase behavior, brand loyalty, and increased webpage visibility.

The experience of Rovesti Technologies finally suggests the most convenient way for small companies to embark on Search Engine Optimization campaigns.

From a limited budget's point of view, the cost of having a SEO team or even just a contracted SEO employee are just too high and possibly not justified by the profit. Outsourcing to a specialist for periodical consultancy seems to be the best way out. Rovesti Technologies started an in-house Search Engine Optimization path, but saw a significant increase of profit via e-commerce after outsourcing SEO practices to a specialist (Linkgest). The website's traffic considerably increased, but the SEO work carried out had its main impact on the average conversion rate. Linkgest followed a strategy of high Quality Score keywords with low competition, even with low global monthly searches, and this strategy paid off. In other words Rovesti Technologies aims to those searches that few people perform, given that these few people are very interested in the topic and therefore more inclined to perform a valuable action (conversion) online.

Rovesti Technologies' experience suggests the importance of building an initial basic in-house SEO knowledge in order to integrate different business efforts (such as local promotion, event planning, giveaways, business plans, public relations, and online advertising) into SEO-oriented online activity.

Having a basic SEO understanding also helps to select an honest SEO expert, to discuss in depth strategies undertaken by the outsourced SEO specialist, and more importantly it helps to evaluate the quality of the job the specialist is carrying out. The presence of a large number of companies claiming results they will never achieve is a known fact for SEO forums. Basic in-house SEO knowledge allows setting final achievable goals and intermediate targets to help the company appraise if its SEO expenses represent a valuable investment.

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Figures

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Figure 2. World internet penetration rates by geographic region 2011 (Miniwatts, 2012)

Figure 3. A study of eye movements. Hot colors (red to yellow) represent high interest concentration, decreasing towards cold colors (green, blue, and grey). (Eyetoools, 2012)

Figure 4. Represents the click through percentage on Google SERP (search engine result page). (Granka, 2004)

Figure 5. Google PageRank explained (Google truths, 2012)

Figure 6. Google Keyword Tool search example for “effective cosmetics”

Figure 7. 12 months trend over the world “adipe”. Google Insights for Search

Figure 8. Suggested valuable websites for Rovesti Technologies’ ads

Figure 9. Monthly total Visits and Page Views for soniarovesti.com (Smarterstats)

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Tables

Table 1. A keyword study for Rovesti Technologies

Appendix 1

A detailed report on the case of study at Rovesti Technologies S.R.L.

1 Introduction on the company

Rovesti Technologies is an Italian company based in Via Olgiati 26, 20143 Milan.

Its niche market is Bio-cosmetics: the experience of four generations of scientists assures the quality and effectiveness of its products; which are developed based on high quality active ingredients and tried out formulas.

The company's main activity is however specific consulting on the cosmetics field. This is carried out usually for firms which are more orientated to production and less to research and development, but also for smaller clients such as SPAs, Hotels and beauty farms.

The Rovesti Technologies recently launched a new affiliate company, under the brand of Sonia Rovesti Cosmetics (SRC). The aim of the new brand is to advertise and prompt the idea that a constant use of natural effective cosmetics can determine a relevant improvement in the condition of the skin.

2 Rovesti Technologies in detail

2.1 Company overview

In 2006 Sonia Rovesti and her colleagues decided to carry on the family business and tradition. Their aim is to spread the practical benefits of natural cosmetics by gathering and implementing available studies on Italian and exotic herbs.

Sonia Rovesti Cosmetics is a company founded on the research of Professor Paolo Rovesti, a famous Italian scientist (1902-1983) who created and spread the "Phito-cosmetics" concept (Phytos = Plant) with more than 500 published books and articles. These documents act as the cultural and scientific base of the Paolo Rovesti Institute, founded in 1984 by a group of ex colleagues.

During the last 25 years, chemists from the Paolo Rovesti group have carried on the research with new raw materials and active ingredients, focusing on the development of new formulas related to plants and herbs, in the cosmetic, pharmaceutical and veterinary fields.

Research and development of the new line is carried out within the Rovesti Technologies infrastructures and with own machineries. This aspect of the new line shares a similarity with the consulting job carried out by the main branch of the company. In both situations the process is focused on the production of new or more advanced Know How. It could be a formula, a discovery of a particular property of an active ingredient, or even an interaction between two known ingredients.

The difference between the Know How created for a consulting job and the one created for the Sonia Rovesti Cosmetics (SRC) lies within its future use. In consulting the result of the research and development process is sold to the employer, who pays to get the results and the legal rights of those. The research and development for a self-owned cosmetic line is carried out with no investors, the cost of the process totally depends on the company, which will though get the full legal ownership of the rights.

The return of investment depends in this case exclusively on the sales of the new line.

The production and the packaging are delegated to an external source, while marketing and promotion are managed by the SRC's staff. The distribution is also carried out by SRC, but to improve the sales net the company also contracted external agents, paid by the piece. Since 2011 the online shop was launched with the possibility to ship items nationally (on the Italian territory).

2.2 Business Idea

Rovesti Technologies, being a consulting focused company, is very much depending on other companies regarding the amount of work that would get.

During the crisis, clients began to have less money to invest in research and development, which consequently resulted in less income for the Rovesti Technologies.

Sonia Rovesti decided to set up the Sonia Rovesti Cosmetics (SRC), a new affiliate company with more focus on the production and less on the consulting.

The laboratory has research capacity and a small production section, although for the production SRC still delegates to bigger laboratories that produce with a 'price per item' contract, following SRC's know-how.

"Active" cosmetic's idea: It's not about packaging; it's about its content

The products developed from SRC labs are excellent cosmetics because the active elements selected to compose the formula are used in actual active percentage. These properties allow the products to give result already after 30-60 days from the beginning of the treatment.

How to develop an effective formula: team work from the imperfection to the ingredient.

To solve each problem, SRC has access to a 5000-row materials constantly updated database from which selects the best active ingredients. Based on their properties and synergies, the best combinations for use and efficacy are developed.

YES to natural ingredients: they have fundamental long term effects

The sensations during and after the use of a cosmetic are important, but even more important are the long term effects. So defined are the easing and the fading away of the imperfection, that can be possible just after days of therapy and that are kept at the new stage by the product.

2.3 Customers

The Rovesti Technologies is orientated to consulting; its main clients are production-oriented firms willing to buy the know-how for their lines. Even smaller clients such as Spas, beauty centers and hotels frequently hire a consultant to select and offer to their customers the best choice on the market.

Rovesti Technologies also independently develops new active ingredients, used for its affiliate line SRC or sold to third parties. Rovesti Technologies can also sporadically work as a supplier. In January 2012 a Hotel chain outsourced the production of a body cream composed by 3% of an active ingredient called GLYCACID.

The company producing this cream will have to order GLYCACID from Rovesti Technologies, who owns the rights for the production of the active ingredient.

Sonia Rovesti Cosmetics enjoys all of the Rovesti Technologies' research experience, but it has a production orientation, with three different groups of products: body products, face cosmetics, and mosquito repellents.

The company's products are sold in pharmacies over the Italian territory and in an online shop at http://www.soniarovesti.com/categoria_e.php?c=1.

The targeted clients are mainly women, but the acne products and the mosquito repellents allow widening the range also to kids, teenagers and men.