Lawyers Bid Up Value of Web-Search Ads


Abstract (Summary)

"You can overspend" for mesothelioma search ads, admits Philip Harley, a partner with Paul, Hanley & Harley LLP in Berkeley, Calif., which advertises online and gets about 20% to 25% of its mesothelioma clients from the Web. But, he adds, "if you spend carefully, you get a very nice return. It's a good way to build a client base."

Lawyer Jonathan David, who says he tries many mesothelioma cases out of his law offices near Houston, was recently bidding about $92 a click on Yahoo's Overture ad system to direct those searching for "mesothelioma lawyer" to his ad offering legal services. Meanwhile, Paul Danziger, a Houston attorney, was bidding $45 per click on Overture for his ad, keyed off the search term "mesothelioma."

Due to these efforts, eight of the top 10 nonpaid listings in a recent Google search of "mesothelioma" were for sites sponsored by law firms, pushing down nonlawyer sites such as the National Cancer Institute. By comparison, a search for "cancer" a tamer ad category produces the American Cancer Society as the top nonpaid result. Lawyers say they are providing valuable medical and legal information about the rare cancer free of charge.

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MESOTHELIOMA may be the most valuable word on the Internet.

The rare, asbestos-related cancer is the king of search advertising, a Web phenomenon in which companies bid to get their ads placed high on the search-result pages of sites like Yahoo and Google and then pay when users click on them. While many search ads cost less than a dollar a click, personal-injury law firms looking to land new clients have bid up mesothelioma ads to $90 or more.

"It can get to be a bidding war," says Tracy Helser, Web manager for Kazan, McClain, Abrams, Fernandez, Lyons & Farrise, an Oakland, Calif., firm specializing in asbestos cases that advertises on search engines.

Paid searches have become a cash cow for search engines and their partners by creating a flexible market for business "leads," which allow an advertiser to reach a new customer. Though it can change daily, the amount advertisers will pay for such leads ranges from as much as $100 for mesothelioma information to $20 for conference-call services and 31 cents for paper clips.

Mainly because of a surge in search advertising and its acquisition of search company Overture, Yahoo Inc.’s advertising-related revenue more than tripled in the latest quarter to $635.5 million. Google Inc. doesn't release financial data publicly, but most of its revenue comes from search advertising.

With mesothelioma, it's simple economics, says Chris Hahn, executive director of the not-for-profit Mesothelioma Applied Research Foundation in Santa Barbara, Calif. "Why is [mesothelioma] the highest paying keyword? Because there is nothing more valuable than one mesothelioma patient."

Lawyers are so eager to attract mesothelioma cases because there is a clear link between it and asbestos exposure. Lawyers say a typical award in a mesothelioma settlement is $1 million, and attorneys get 40%. For cases that go to trial, the mean award in 2001 was $6 million, triple the amount two years earlier, according to a study by think tank Rand Corp. Over roughly two decades of asbestos litigation through 2002, Rand says, mesothelioma cases represented about 4% of asbestos-related cases but 20% of all cash paid out in asbestos-related claims.
"You can overspend" for mesothelioma search ads, admits Philip Harley, a partner with Paul, Hanley & Harley LLP in Berkeley, Calif., which advertises online and gets about 20% to 25% of its mesothelioma clients from the Web. But, he adds, "if you spend carefully, you get a very nice return. It's a good way to build a client base."

For people diagnosed with mesothelioma, the cancer's course is swift. Attacking the protective lining around the lungs, abdominal organs or heart, mesothelioma initially brings on chest pain, coughing and shortness of breath. There are treatments that can extend life, but many patients have less than a year to live once they are diagnosed. The cancer generally surfaces 30 years or more after exposure, and the number of annual diagnoses has been steady over the past decade, at roughly 3,000 cases. Settlements are frequently paid out of bankruptcy trusts established after asbestos manufacturers restructured under Chapter 11, but some healthy companies also face liability.

For victims of the rare cancer, the Internet has become a main source of treatment information. Robert Taub, director of the Mesothelioma Center at Columbia University in New York, says that the patients he sees go on the Web within three or four days of diagnosis.

These Web searches by patients provide fertile advertising ground for lawyers. Paid-search ads typically run at the top or the side of main search results, so if people search for mesothelioma, they get nonpaid results framed by the ads. (In addition to paid-search ads on their own sites, Yahoo and Google provide such ads to third-party companies such as Time Warner Inc.'s America Online, Ask Jeeves Inc. and Microsoft Corp.'s MSN in revenue-sharing deals.) When viewers click on the ads, they are sent to lawyer sites with a mixture of information, links to other cancer Web sites -- and a phone number, online form or e-mail address to contact an attorney.

While still a fraction of overall legal-services advertising, online spending rose more than fivefold to $8.7 million between January and November last year, compared with just $1.5 million a year earlier, according to market-researcher TNS Media Intelligence/CMR. Overall, legal-services ad spending was $434.8 million in the recent period.

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James Sokolove, a lawyer and marketer for partner law firms in Newton, Mass., also spends "significantly" online. He says that in most instances, the client-acquisition cost is about 50% less for paid searching than for TV. This is true even for mesothelioma ads, he says, because their targeted nature makes up for the high price. (Besides mesothelioma, Mr. Sokolove also advertises for clients in drug-recall and stockbroker-malfeasance cases.)

Some search-engine watchers are skeptical of the high costs of mesothelioma ads. Fredrick Marckini, chief executive of search-marketing firm iProspect in Watertown, Mass., says he doubts that bids as high as $50 are worthwhile. "The vast majority of people who are engaged in online marketing are not measuring their outcome and return," he says.

Yahoo and Google decline to say what portion of their overall advertising revenue comes from high-value keywords like "mesothelioma." A Yahoo spokeswoman says, "Overture has millions of keyword marketplaces and more than 100,000 advertisers, so we are not reliant on any one keyword marketplace."

The bidding systems on Yahoo and Overture are similar, but each has its wrinkles. Overture advertisers pay a penny more than the next-lowest bid, per click, and bidding is done publicly online. Under Google's system, bids are available only to advertisers, and Google bidding is capped at $50 a click. Google also takes into account other factors, such as popularity, when determining the order of ads on a search-result page.

The high price of mesothelioma ads has had some unintended consequences as firms try other means to land mesothelioma patients. In particular, some firms are attempting to boost their Web sites' spot on search engines' so-called algorithmic, or nonpaid, listings by tweaking the content and links to get a higher ranking. These efforts can include using the desired keywords (like "mesothelioma") frequently near the top of their home page, and including them in the Web address.

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Mouse Money

Advertisers bid more for top placements when a Web user searches for key words that carry big paybacks.
KEY WORD TOP PER-CLICK BID*

Mesothelioma attorney .................. $70.24
Car accident lawyer .................... 50.00
Investment fraud ....................... 30.00
Wisconsin mortgage ..................... 19.00
Conference calling ..................... 18.22
Casino .................................. 14.97

* As of yesterday morning

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