

SEM and SEO: Core Drivers of iDirect Success

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Search Engine Marketing (SEM) and Search Engine Optimization (SEO) are cornerstones of the iDirect approach. Each practice began as a somewhat mysterious combination of technology and trickery that the average marketer at first either could not understand or could not gauge its value.

Search has since evolved into one of the most measurable forms of direct marketing and the foundation of any online marketing effort. For any business – small or large, B2B or B2C, whatever distribution method used—showing up on the first page of the major search engines for a broad set of queries can lead to exponential increases in awareness, demand, and revenue growth.

SEM, also known as paid search or pay-per-click (PPC), consists of sponsored textual advertisements that appear above or to the right of the organic search results. SEO is a systematic process of altering a web site’s architecture, content, and internal/external links to get optimally indexed and ranked in the organic search results. Most marketers understand the basics and have already incorporated both of these channels into their direct marketing efforts.

Soon after launching a full-scale search marketing effort, it is easy to get overwhelmed by the amount of data and number of keywords that need to be managed. The complete transparency and up-to-the minute results of a paid search campaign or organic traffic report are both a blessing and a curse.

In real time and on an ongoing basis, advertisers can test and adjust all aspects of their campaigns – from keywords, to creative, to bidding strategy, to landing pages and conversion paths – to improve performance and control budgets. However, without a coherent framework for managing this volume of information, marketers often end up in an endless cycle of changing ads, adjusting bid caps, creating new landing pages, and re-writing web pages without any clue as to what’s working and what’s not.

Search Engine Marketing: A Performance Marketer’s Dream

In a perfect iDirect world, marketers would be able to connect every dollar earned to every dollar spent. Each strategy and tactic would be evaluated in isolation and an accurate return on investment would be determined in real time. For most organizations, however, reaching this point requires an entirely new approach to handling data.

Back in the early days of paid search, measuring the effectiveness of a campaign required the ability to connect one’s spend on a paid search advertisement to the corresponding conversion metrics (sales, leads, etc.). As the practice evolved, many online businesses have discovered that optimizing campaigns to a static metric is not an accurate measure of campaign performance.

For example, a cable television provider would be willing to pay a higher cost per click to obtain a customer that subscribed for 2 years than for one who cancelled after 6 months. Insurance brokers would be willing to increase their cost per acquisition (CPA) if they could predict which of their online leads would be eligible for a higher-margin policy. For most online businesses, optimizing a campaign based on gross conversions will never be as efficient as optimizing based on the value of those conversions as measured in revenue, net margin, or lifetime customer value.

New SEM tracking technology enables performance-driven marketers to capture these more robust conversion metrics. Also, incorporating cost of goods sold data with optimizing based on net margin

has resulted in marked improvements for a number of e-retailers. Through the use of tracking pixels or cookies, a business can now account for most latent (delayed) conversions and improve results based on the projected lifetime value of a customer. When you include these more robust and relevant conversion metrics in your bid methodology, incremental spend can be allocated to those keywords and advertisements that yield the highest ROI.

Whether your company is just starting out with SEM or has been running multi-million dollar campaigns, there are some fundamental iDirect strategies that can enable you to more accurately measure effectiveness and drive continued growth from this vital digital advertising channel.

1 Comprehensive, integrated data

Having end-to-end visibility into your paid search campaign performance is the foundation of any superior effort. The objective should be to create a single reporting platform for connecting data from the search engines, with data from your internal accounting systems, and your bid optimization platform. By mapping click traffic data with detailed conversion data, you can allocate incremental spend to those campaigns that yield the greatest ROI.

2 Efficient account structure

Managing an ever-increasing collection of keywords is one of the biggest headaches of SEM. Customers use all types of terms when searching for your product, and the list only increases over time. In order to manage your account most effectively, keywords should be bucketed into narrowly-defined groups around a common theme, product, type of customer, or stage of the buying cycle. Tightly constructed ad groupings enable you to serve highly targeted ads and landing pages to distinct customer segments. The results leads to higher conversion rates and improved keyword quality score¹.

¹Quality score is a dynamic metric used by Google to determine the relevance of a paid search advertisement.

3 Targeted creative

Writing paid search advertisements may seem relatively straightforward since search engines such as Google only allow 25 characters of text in the headline and two rows of 35 characters each. However, with such a small amount of on-page real estate, and no opportunity for branded elements or logos, presenting a targeted, relevant offer alongside the search listing becomes even more critical. The creative should be clearly stated, ideally include words from the original search query, promote your value proposition, and specify your competitive differentiators (all in 95 total characters!) The offer should be compelling and include a very direct call to action. For example, a photosharing offer should end the ad with “Submit your photo now!” rather than the more generic “click here.”

4 ROI-based bid management

Paid search is an auction, and figuring out how much you are willing to bid on an individual keyword is a crucial and dynamic function. At any moment, competitors are increasing or decreasing their bids, and the search engines are re-shuffling the order in which ads appear as well as how much each clickthrough will cost. Knowing the “right” bid for any given keyword or campaign presupposes you know your key metrics or business objectives. If your goal is to drive sales volume or revenue, you may be willing to spend a bit more on certain keywords. If your objective is to manage your campaigns to very narrow cost per acquisition (CPA) goals or return on ad spend (ROAS) metric, you may sacrifice some volume, but will gain in efficiency.

5 Optimized landing pages

Most of the discussion of paid search focuses on pre-click decision – determining which keywords make sense for your business, writing effective ad copy, and calculating how much to bid on each keyword or campaign. Along with these tactics, optimizing the user’s post-click experience can drive game-changing improvements in SEM. A well-designed landing page should be relevant to the keyword query and should reiterate the promise made in your paid search advertisement. It should minimize the path to conversion and eliminate any roadblocks for the user. An effective landing page or microsite will reduce your bounce rate, boost quality score, and increase your overall conversion rate and total revenue.

6 Test, measure, test, measure, ad infinitum

SEM is the ultimate channel for data-driven decision making. Every aspect of a campaign – from the keywords chosen, to the ad copy, to the maximum bid, to the landing pages, to the search engines, time of day, day of week, and geography can be modified and its impact measured. No other advertising channel offers such a wealth of targeting options with such a robust and timely means of tracking performance. Indeed, what makes SEM such an intriguing and challenging medium is that no campaign ever reaches the perfection stage – results can always be improved, and the search engines’ technology has made it relatively easy to tweak each element and measure its discrete impact on performance. Continuous testing is the mantra of any successful SEM iDirect effort. Very likely, SEM is the ultimate example of how the arrival of internet-based intelligence took the long-standing direct marketing practice of constant testing to heights no person could have imagined a generation ago.

SEM Case Study: Real Estate Developer

The following case study provides a representative example of how a traditional offline business utilized an iDirect marketing approach, driven by paid search to more than double its online leads and reduce CPA by more than 200 percent.

SEM Marketer

The advertiser is a national developer of high-end apartment communities. The company manages 80 apartment communities and attracts online traffic to a corporate web site which provides information about each of its properties. There are detailed overviews of over 50,000 units, with the latest listings and promotions.

Challenge

As paid search campaigns became increasingly successful, the company struggled to manage the growing number of keywords within an individual, fixed monthly budget for each apartment community.

Solution

The company reorganized all keywords into smaller campaigns organized by geography and customer stage of the buying cycle. They then implemented more advanced SEM tactics to increase total conversions and reduce CPA:

- ▶ Running national campaigns with geo-modified keywords. Many of their most critical keywords such as “apartments” or “apartments for rent” were very expensive because of their popularity. And difficult to convert. Rather than draining its budget on these high-volume terms, the company tried running narrower campaigns on geo-modified keywords (e.g. San Francisco apartments). This strategy provided exposure to local residents and apartment seekers looking to move to a new city.

- ▶ Day-parting. The major search engines allow advertisers to decide exactly when their advertisements will run. The apartment community developer management examined their conversion data and found that the highest-converting traffic came during regular business hours. By increasing their maximum bids with allocation of most of their budget from 8 AM – 6 PM in each time zone, they were able to capture more of this premium web traffic and increase total conversions.
- ▶ Expanding keywords and ad groups. After a few months of running these campaigns, the advertiser could identify the high-performing keywords and ad groups. The company tried a wide range of tactics including misspellings, synonyms, and abbreviations for those campaigns and obtained high conversion rates with the available budget. The total number of keywords under management grew by 64% in the first 12 months, but the inclusion of new keywords was based on actual performance, rather than brainstorming wild ideas.
- ▶ Connecting ad copy to latest promotions. Based on a rigorous testing methodology, the company identified a core set of descriptions and calls to action that yielded a consistently high level of conversions. They were able to drive even higher conversion rates by spelling out specific, time-sensitive promotions for each of the properties and then directing the web searcher to a targeted landing page reiterating the special promotion shown in the advertisement.

Results

In the first sixteen months of the enhanced campaign, the company more than doubled the number of online leads per month and reduced its CPA by more than 200%.

These best practices apply to any business looking to advertise online. Some online businesses invest millions of dollars in paid search. Other companies have much smaller budgets. Some make it a small part of their marketing mix, others use paid search as their only form of advertising. Regardless of the size of the company or level of SEM spend, applying a systematic, data-driven, and iterative approach to SEM will invariably produce measurable improvements on your key metrics. Getting SEM right ranks in importance for today's iDirect marketers at the same level as getting the creative right in a 30-second commercial ranked for yesterday's mass marketers.

Search Engine Optimization: A Three-Tiered Approach

Since the mid-90s, SEO has developed from a somewhat mysterious collection of web-development strategies and ethically-questionable tactics into an ROI-driven, indispensable, and often-under-appreciated fundamental of any online marketing plan.

As the practice matured, a wide range of best practices and how-to manuals became available to assist webmasters in getting optimally indexed and ranked results when customers search for their brands, business category, products, benefits, location and other related keywords. SEO is comprised of three areas of distinct expertise: architecture, content, and linking.

- ▶ **Architecture:** Providing an efficient site structure to allow the search engines to find and assess the content of your site. This includes having clean internal links and an accurate site map accessible from all pages.

- ▶ **Content:** Once a search engine reaches a page on your site, it reviews the URL, title tags, headlines, and on-page content to determine the most relevant subject or keywords. Understanding how to optimize the content of each page for a given keyword leads to improved rankings.
- ▶ **Linking:** Search engines also measure the number and quality of external and internal links to each page. Search engines view external links as a “vote of confidence” for the specific pages. Links from outside sites deemed to be an authority on your subject matter are given more weight than links from unrelated or less authoritative sites.

In order to develop a sustainable competitive advantage through SEO, marketers must gain unique insight into site performance, customer search behavior and adopt an analytics-based approach to project prioritization. It’s also necessary to follow a flawless implementation process on executing site updates and responding to shifts in the marketplace. What follows is a step-by-step plan to guide you in moving from tactical execution toward strategic enhancements that will have long-lasting effects on organic listings.

1 Campaign planning

Performance-based iDirect marketers begin by conducting a thorough analysis of their website, customer behavior, business objectives, and competitive environment. From this analysis, they develop a comprehensive list of keywords and segment them into narrowly-defined “keyword campaigns.”

These groups of similarly-themed keywords are analogous to the ad groups that have become the hallmark of admired paid search marketing. Brand terms are managed separately from product terms. High-performing category keywords are separated from more granular long-tail words. Bucketing keywords into tightly-defined campaigns enables efficient prioritization and measurement of results.

2 Opportunity analysis

Each keyword campaign is then connected to a new or existing web page targeted toward a specific customer segment or stage of the buying cycle. Campaigns with the greatest potential to drive conversions and revenue growth from business or brand initiatives should be prioritized ahead of long-tail and low-volume search queries.

3 Diagnosis

Diagnosing SEO opportunities is similar to two patients coming to a doctor with exactly the same symptoms. A good physician will conduct a thorough diagnosis before recommending a specific course of treatment. Even without an advanced degree in SEO, marketers have a wide variety of diagnostic tools (both free and proprietary) to determine what factors are keeping specific pages from ranking well within each keyword campaign. Often, the site architecture prevents the search engine spiders from “crawling” certain sections of the site. Use of flash animation or Ajax prevents the spiders from reading your on-page content. A thorough SEO diagnosis should include an exhaustive analysis of the site architecture, code-level components, internal/external links, and on-page content.

4 Measured execution

The results of your SEO diagnostics and opportunity analyses should drive your iDirect execution plan. Use the opportunity analysis to prioritize keywords and keyword markets with the greatest potential to drive increased conversions or revenue. Use the diagnostic report to identify specific pages on your site

that require attention. Some keyword campaigns will require the development of new pages, or revisions to content on existing pages. In other cases, a well-orchestrated link building campaign will increase the page rank of targeted pages.

Other times, strategically placing your keywords in the URL, title tags, headers, and on the page will improve search positioning on these targeted terms. Whatever the remediation plan, ensure it can easily be adjusted based on new strategic priorities, changes in the competitive landscape, your time constraints and internal resource availability.

5 Reporting and analytics

With any ongoing SEO effort, success depends on maintaining full visibility into every tactic and outcome. Web analytics software provides both high-level summary reports of increases in traffic and conversions, as well as the detailed data that feeds those reports. Custom reports enable you to evaluate the effectiveness of specific keyword campaigns or individual keywords. Depending on your level of data integration, marketers should strive to measure campaign effectiveness based on organic conversions, revenue, or net margin, rather than traffic to the site.

A number of online tools enable you to track your keyword position against your competitors and estimate the volume of searches for your top keywords. These include Google Analytics to quantify your own site's organic traffic and top keywords. And third-party tools such as Compete, SEMRush, and SpyFu to estimate your competitor's performance. Measuring your "share of search" in your most important keyword markets enables more accurate decision-making and quicker responses to competitive threats.

This brief example demonstrates how strategic planning and sound data analytics can facilitate dramatic improvements in organic search results:

SEO Case Study: Cinema Site

Background

One of the leading online destinations for checking movie show times and making advance movie ticket sales was in need of some major help with SEO. The site was historically driving the majority of its traffic through offline media, PR-driven brand awareness, and a costly paid search campaign. The rising cost of SEM and the hypercompetitive nature of the 'movie ticket' vertical put pressure on the site to drive qualified traffic with non-branded keywords via organic search

Challenge

At the time of calling in outside expertise, 99% of the website was invisible to the search engines due to poor site architecture, lack of unique content/meta data and limited links from authoritative sources.

Solution

A number of relatively simple changes to the site architecture resulted in dramatic improvements in site performance. The team created new hierarchical site maps to allow the search engine spiders to fully crawl the site. In addition, they redesigned all the URLs to be "SEO friendly."

Essentially, this means eliminating extraneous parameters and putting the most important keywords toward the front of the URL string. So if they wanted a particular page to rank highly for the query "Brad Pitt," the optimized URL would be www.domain.com/bradpitt. These changes led to immediate and

dramatic increases in number of pages indexed, organic traffic, and conversions.

With a solid architecture in place, the marketing team could build out new pages to increase traffic on a broader array of nonbranded keywords. These included authoritative pages on top actors, directors, and feature films. For any online business, these non-branded, informational pages help build topic authority and can significantly increase traffic on long-tail and short-duration keywords.

Links from authoritative sites can increase your page rank and improve your position in the search results. The site generated a number of inbound links by developing viral links with fan networks and initiating some innovative link building campaigns with movie distributors and theaters. This site was effective by providing the movie theaters with timely content about the latest releases. Much of this content was also picked up by bloggers and entertainment portals. Marketers in any industry can increase their inbound links by creating unique and relevant content and making it easy to share amongst customers, partners, and other industry observers.

Results

Within a month of implementing these changes, the site went from having 150 pages indexed to over 146,000 pages indexed. Within days of changing the homepage title tag, the site moved from position #4 to position #1 in Google for its most critical keyword – “movie tickets.”

As for the most important measurement, the site was able to increase organic traffic 148 percent and increase tickets sold from organic search 61percent within one year

The “Secret” of SEM and SEO Success

There are no secrets in SEM and SEO. The tools and techniques outlined here and elsewhere are well documented and generally available. What separates an adequate SEO/SEM effort from an exceptional one is constant referral to actionable data analytics and a commitment to ongoing testing and measurement. As with many of the other iDirect and iBranding resources described throughout this book, our direct marketing roots in being a data-driven discipline are paramount as we take advantage of digital interactions online.

The power of both SEM and SEO to generate amazing results lies in the continuous flow of data on every aspect of what is happening. It is yours in real time and on an ongoing basis, marketers can connect the dollars spent on a paid search campaign to the revenue earned through an online (or offline) conversion.

Marketers can know the number of searches for any given keyword, the number of times a visitor clicked on an organic search listing, and the activity, conversion, or revenue generated from each visit.

Cashing in on this end-to-end performance analysis requires a commitment to data integration and reporting before making an investment of time and dollars in search marketing. There is a lot of work to do up front, but a commitment to rigorous data analysis affords unparalleled visibility into marketing effectiveness when you get started. The good news is that incremental investments made on a solidly-built platform can return astonishing ROI.

Short list of best practices

- ▶ Always start with the data.
- ▶ Integrate your campaign data with backend conversion tracking.
- ▶ Establish your Key Performance Indicators (KPIs) up front.
- ▶ Organize your data tracking and measurement before investing time and resources.
- ▶ Separate both your SEO and SEM campaigns into narrowly-defined ad groups.
- ▶ Employ data-driven prioritization going forward.
- ▶ Optimize SEM bids based on actual value rather than clicks or conversions.
- ▶ Test, measure, test, measure, test, measure, test measure, onward-and-upward.

Keep in mind that SEM and SEO are the most targeted, most relevant, lowest cost and at the same time least intrusive advertising tools ever conceived. In the right hands they can realize the full potential of iDirect marketing's accountability, addressability, accessibility, and affordability.

Reference

Rapp, Stan, ed. Reinventing Interactive and Direct Marketing. New York: McGraw-Hill, 2009.

About The Search Agency

The Search Agency provides an integrated suite of internet marketing services including search engine optimization, search engine marketing, conversion path optimization, comparison shopping management, and display media. Founded by experts in bid optimization technology and online marketing, the company has grown to over 100 employees and is an active member of the advertiser councils for the three major search engines.

Performance-driven marketers trust The Search Agency to deliver measurable results across their most highly-valued metrics. The combination of hands-on account management and proprietary technology consistently improves clients' competitive positioning on the major search engines and converts a higher percentage of prospects into customers. For more information or to schedule a free online marketing audit, visit www.thesearchagency.com or call 888.257.6736.

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