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10 Questions to Ask Your Search Marketing Firm

the search agency. ▶

Background

Search marketing has become one of the fastest growing segments of marketing for both business-to-consumer as well as business-to-business advertisers. According to a recent study by Forrester Research¹, U.S. spending on search engine marketing is growing at a rate of 26% per year and will be a \$25 billion industry by 2012. In tough economic times, many advertisers are drawn to the precise measurability of paid search compared to other forms of traditional advertising. The question becomes how best to allocate their costs, maximize their ROI, and deploy their internal resources.

Advanced search marketing management requires more sophisticated bid management technology, mature processes, and experienced people. As advertisers advance to large-scale paid search campaign management, most have recognized the benefits of outsourcing some component of their program to an agency. And as the demand for these outsourced management services has increased, the number of firms purporting to offer a suitable solution has increased as well. Some of the leading search marketing management firms have been in business for less than 5 years. Google just celebrated its 10th birthday. Both search marketing and search marketing management have grown quickly, but both remain relatively immature categories.

As more and more advertisers work with a third-party partner to manage their paid search campaigns, agency churn becomes a natural byproduct. Marketers are under increasing pressure to justify their budgets, particularly for outsourced management services and technology. In these challenging economic times, is a positive ROI enough to justify the agency's contribution? How does an advertiser know if their agency is moving beyond positive results to delivering measurable value on their key performance indicators? Ultimately, how can an advertiser distinguish the return on their investment in paid search from the investment in paid search *management*?

We have compiled a set of questions intended to provoke an honest dialogue between the members of your marketing team and between you and your search marketing agency. This type of critical review should help determine if your search marketing campaigns are doing "well enough" or if there is unrealized value that your partner should be able to deliver.

Key considerations

1 Is the firm delivering the results you expected?

This is the most straightforward and important question to ask. Think of your search marketing firm as an employee on your team and conduct an honest, objective review of their performance. At a minimum, you should see your campaign performance improving over time and feel confident that your agency is delivering better results than you would have been able to achieve on your own. Digging deeper, analyze your historical results and try to identify wild swings in CPA, clicks, or ROI. Think about the last time your agency reviewed your account's performance and determine how much time was spent reviewing your key performance indicators. With a wide range of metrics to choose from, agencies can easily cherry pick the best campaign results and highlight those initiatives that have yielded positive ROI. Scrutinize these reports carefully and ensure that the metrics are tied to your strategic objectives.

2 How does the firm demonstrate continuous innovation?

Search engine marketing is a fluid and dynamic industry. The major search engines are regularly announcing changes to their campaign management platforms – new bidding methodologies, updates to the API interface, changes to quality scores, etc. The most innovative search marketing firms work directly with the search engines to stay ahead of these changes and determine how best to incorporate them into their bid management platform. For most agencies, however, bid management is one part of their technology offering. In order to be a leader in the field, firms must also demonstrate continuous innovation in their client reporting, client data integration, creative optimization, and competitive tracking capabilities. A top search marketing firm should be investing and re-investing in new technology across these functions. On an ongoing basis, your agency should update you on new features and enhancements to the front-end and back-end technology and demonstrate how these investments are positively affecting your campaign's performance.

3 What is the level of transparency in their approach, technology, and results?

Outsourcing your SEM management to a third party should not mean ceding control and waiting for the results. Your search marketing partner should have the reporting technology to provide open access to your keywords, creatives, conversion data, budgets, current bids, bid changes, and alerts. You should expect complete visibility into the tactics the account team is taking on your behalf and be given the opportunity to weigh in before dramatic changes are implemented to your campaigns.

4 What is the level of service and engagement from your account team?

Advanced paid search management requires a high level of engagement and interaction between the client and the account team. Every industry and business is unique, and paid search campaigns react very differently based on changes in customer dynamics, competitive responses, and even current events. The best search marketing firms deploy account teams that have experience in your industry and take the time to understand your business model, your customers, and your competitors. Your account team should be responsive and actively engaged in meetings, e-mail updates, and conference calls. They should be proactively recommending changes to the campaigns and alerting you when new opportunities or new risks present themselves. In an ideal scenario, the account team becomes a trusted extension of your marketing team, with an intimate understanding of your business and the savvy to identify shifts in the marketplace and provide actionable recommendations that go beyond paid search.

5 How do they demonstrate their commitment to testing and continual refinement?

Do you feel like your paid search campaign is on auto-pilot? No matter how long your account has been under management, there is always the opportunity to test every element of the campaign to drive incremental improvements in overall performance. Your search marketing firm should be looking for ways to test the ad copy, creative, keyword expansions, and landing pages. In addition, the team should incorporate seasonality effects and time-sensitive promotions to build new campaign management strategies. If your search marketing firm has stopped running tests on your existing ad groups, or has stopped building and measuring new ad groups, your campaign may have unrealized opportunities to increase conversions or re-allocate costs to high-performing keywords or creatives.

6 What is the level of integration between your internal conversion/revenue data and the results of your paid search campaigns?

Search marketing firms vary widely in their ability to accept custom data feeds from their clients. Incorporating conversion and revenue data from the client's web logs or accounting system is a critical requirement to optimizing paid search campaigns. Some firms cannot accept client-side data at all and optimize the campaign results solely based on cost per clicks. Some are able to accept basic conversion

data such as completion of a contact us form or signing up for a newsletter. A smaller number of firms are able to accept client data feeds that track not only conversions, but the actual value of those online conversions as measured in gross revenue or net margin. If your web site has multiple conversion points or conversions of varying value to your business, it is critical that your search marketing firm can incorporate this revenue or margin data into its bid optimization platform in order to maximize your return on investment.

7 Can your firm optimize bids based on latent conversions and lifetime value?

While paid search is often viewed as a direct response medium, many online conversions require more protracted or repetitive sales cycles. Oftentimes, a customer who is unfamiliar with your brand or landing page will seek additional information before returning to your site hours, days, or weeks later to complete the conversion activity. For other purchases, marketers are less interested in the revenue generated from a single sale and more interested in the total revenue generated from that customer over a certain period of time. Many search marketing firms can only track conversions that take place immediately following the click-through from the paid search ad. Through the use of tracking pixels or cookies, firms can now account for most latent conversions as well as the lifetime value of a customer. By including these more robust conversion metrics in the bid optimization methodology, the advertiser can allocate its paid search spend to those keywords and advertisements that yield the highest conversion rate and return on investment, no matter the time it takes to get there.

8 What services does your agency offer beyond traditional paid search management?

At the most basic level, managing paid search campaigns involves bid optimization and reporting. SEM specialists can build keywords lists, create accounts, write titles and ad copy, set and adjust bids, and report results. For small advertisers, this singular focus on the paid search campaigns yields impressive results and represents a significant improvement over their do-it-yourself solution. Other disciplines within online marketing, such as conversion path optimization and display media have been shown to amplify the benefits of search and increase advertiser profitability. A study from the Atlas Institute² found that users exposed to both the search and display advertising campaigns yielded a 22% higher conversion rate than those exposed to search alone. Partnering with a single agency that can offer a suite of internet marketing services not only allows for economies of scale, but provides the ability to integrate messaging and optimize results across channels.

9 How does the bid management platform minimize your downside risk?

Most discussions of paid search management focus on maximizing upside potential – improving conversion rates, reducing cost per acquisition, improving ROI. What often gets overlooked is a firm's ability to minimize actions that drag down a campaign's performance. "Bleeding keywords" are terms that generate a disproportionately high number of clicks, but low number of conversions. Sophisticated bid management platforms should quickly alert account managers to these bleeders and reallocate the investment to more profitable terms. In addition, account managers should be able to constrain spend on an individual keyword level, to minimize accelerated burn rates and budget running out before the end of the month due to market fluctuations.

10 Did the firm lay out a methodology for implementing your program?

How has their approach and strategy evolved with your engagement?

Experienced search marketers can articulate a well-defined, detailed methodology for implementing paid search campaigns and driving improved results. This would include strategic planning, budget management, data integration, developing keyword lists, establishing ad groups, testing creative, connecting online and offline promotion, developing landing pages, and optimizing bids. You should expect

that this methodology is not “one size fits all”, and that the firm has customized the approach based on the requirements of your business, your competitive landscape, and your key performance indicators.

– *In case the first ten questions weren't enough, this white paper goes to eleven!* –

11 What are others saying about your firm?

Before you signed on with your current search marketing firm, you likely conducted one or more reference checks. You may have even received a referral from a trusted colleague in the industry. Now that you are a client, what has your partner done to facilitate a continued dialogue with like-minded clients? Does the firm offer any knowledge-sharing or networking opportunities? A growing and evolving firm should foster an open dialogue between clients. Periodically ask to speak to some like-minded clients and get their perspective on the firm. If your account manager connects you to the same one or two references you spoke with before signing the contract, this may be a sign of growing dissatisfaction.

Conclusion

The selection of a search marketing firm can directly impact the relative effectiveness of your paid search campaigns. Marketers with advertising budgets of all sizes have engaged with an SEM firm, with widely varying ROI and satisfaction. As the engagement progresses and the amount of data and complexity of strategic initiatives increases, measuring the value of the firm's contributions becomes increasingly more difficult. Advertisers should continually evaluate their goals and objectives, demand metrics beyond simple ROI, and scrutinize their search marketing firm's level of service, innovation and engagement in their account.

Reference

1. **VanBoskirk, Shar.** The Search Marketing Review. *Forrester Research. January 2008.*
2. **Strong, Esco.** The combined impact of Search and Display advertising – Why advertisers should measure across channels. *The Atlas Institute. July 2006.*

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 search marketing audit, visit www.thesearchagency.com or call 888.257.6736.

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