

## **Outsource, in-house, or punt**

### **What if you could -**

- Generate recurring revenue by providing a variety of Search Engine Marketing (SEM) services and solutions to your clients?
- Partner with a recognized leader in the SEM industry?
- Educate your staffers to be able to effectively recognize and sell SEM strategies and best practices?
- Service all of your clients' SEM needs with a single solution?

Making the decision to partner with an experienced, knowledgeable SEO/SEM agency offers you these competitive advantages. Additionally, finding a trusted Search partner will enable you to garner critical insights such as customer behavior and trends, coupled with reduced initial costs and quicker deployment time. Meaning you will be able to launch a successful SEO campaign more efficiently and effectively.

## **SEARCH ENGINE MARKETING AND AGENCIES - 'PAIN POINTS'**

There are several things you should consider when evaluating whether to build a Search practice in-house to service your clients, or whether it makes sense to partner with an expert in the field. First, consider the challenges associated with going it alone – your “pain points:”

### **1. Profitability**

Achieving profitability in managing Paid Search advertising can be an extremely difficult proposition for traditional and interactive agencies. It is difficult for many companies to justify (initially at least) a level of spending needed to develop the campaign strategy and then implement, maintain, and evaluate the program over a typical Search campaign life-cycle.

Even if an agency is able to charge a set-up fee, plus 10 – 15% on top of a monthly PPC spend, it is often times not enough return to justify the time and resources required to execute the job correctly. For an agency, this can be even more of a challenge since, in many cases, they do not have the personnel and/or proprietary tools that SEM firms have to make the task more efficient and cost effective. And, even if the agency has bought into a commercial solution (e.g. keyword bidding tool, etc.), often times they overlook the fact that these tools still require an experienced practitioner.

### **2. Building a Practice from the Ground can be a challenge**

Because of the complexities involved with developing and managing effective SEO/SEM strategies, it is extremely difficult for traditional agencies to develop and sustain a practice from the ground up. The reasons for this are many:

First and foremost, many agencies simply do not have the knowledge base or experience

to sell Search services effectively - it is simply not a core competency. Search is complex and becomes more and more complex every day. Without a base understanding of the fundamentals of SEO and SEM, it is very difficult for agency personnel to keep up with the changes, let alone sell and deliver programs effectively.

One by-product of this is the reality that many agencies lack the client / project base to build and support an in-house practice. Inability to convey the specifics of Search can present a challenge when trying to build and sustain a client base.

In addition, given that the industry is just entering the early stages of maturity, it can be very difficult to recruit experienced talent to help build an infrastructure and train a staff. Even if an agency is lucky enough to find someone with the right credentials, more often than not they come with a hefty price-tag attached (given the increasing demands for their knowledge and talents).

Further complicating matters is the fact that agencies often find that hiring experienced talent does not meet their expectations for performance. This is simply because their recruit lacks access to the tools and systems that make research, tracking, analysis, and ongoing optimization efficient and effective. SEM specialty firms have had years to develop and refine decision support tools and systems that are, in most cases, not commercially available. The main exception would be bid management tools, which have become available to agencies, but only address one dimension of the Search landscape.

### 3. Agencies Focus on Developing Creative, not Analytics

Traditional advertising and interactive agencies are in the business of developing cutting edge ideas and helping their clients build their brands and businesses through creative ideas and execution. Historically, this execution has been through traditional marketing channels like TV, radio and print, and more recently through the Web. Data and analytics, while important in many facets of the agency business (e.g. account planning, media planning etc.), are not a major focus. Search is a medium that requires an equal mix of left (analytical) and right (creative) brain thinking to be successful. The nature and make-up of a traditional or interactive agency often lacks these types of dual-brain thinkers.

### 4. SEM is Complex

SEM, like direct marketing, is so complex it requires a singular focus to do correctly. The complexity stems from the fact that there are multiple data sources and search engines to monitor and track, each with its own set of constantly changing rules (algorithms, PPC bidding rules, etc.). Keeping up with dynamism and volume of data is often something a general agency practitioner cannot provide usually because of the lack of resources. Simply stated, most agencies are not equipped to handle the amount of change, research, and data / analysis required to keep up with today's complex Search environment.

## ADVANTAGES OF WORKING WITH A SEM PARTNER

### 1. SEM's are providers of 'Creative Intelligence'

Traditional agencies should embrace Search Engine Marketing, if for no other reason,

because it can help them develop more effective creative strategies and advise other forms of media buys. Search can provide invaluable information and insights about their clients' customers and behavior. By analyzing search behavior, agencies can gain a better understanding of how a client's customer thinks and how they use language in their thought process.

Depending on where customers are in their buying cycle, their language and how they search can change dramatically. It is widely understood that customers will begin searching with generic, non-branded terms to begin their research (top of the funnel), and as they approach the conversion phase of the buying cycle, will narrow their search criteria by using specific model numbers and branded terms to execute their queries (bottom of the funnel). By understanding this process and analyzing data, agencies can identify and use language that resonates with their clients' target audience(s) in various stages of the buying cycle and use intent-specific language in other forms of media to drive sales and ROI.

Using Search intelligence in other forms of media will enable an agency to ensure offline and online campaign integration. It will also reinforce key messaging in a way the customers understand, and ultimately, respond to.

## 2. Shorter Deployment Times

Partnering with an SEM vendor will likely result in a shorter implementation time-frame for the following key reasons:

- a. SEM's know the space: their singular focus on the complexities of Search provides their staffs with the tools required to develop, implement, and monitor Search initiatives on rapid implementation schedules.
- b. Economies of scale: SEM's, especially the handful who have been in business for a significant period of time, have the personnel and proprietary systems already in place (e.g. decision support systems, bid management tools, established relationships with the search engines, etc.) to manage large-scale, data intensive Search initiatives.

## 3. Lower Initial Costs

Developing an SEM practice from the ground up can be an expensive undertaking for an agency. As mentioned earlier, hiring an experienced practitioner can be a costly undertaking, especially as demand for this skill set continues to grow. Add additional staff and training (Search education), plus software (systems) development and maintenance costs, and the initial start-up costs can grow quickly. Partnering with an established SEM partner not only eliminates these hard costs to the agency, but also lowers the cost to their customers.

## 4. Improved Execution & Focus

Outsourcing SEM services allows agencies to focus on their core businesses. SEM is a complex, ever-changing field, requiring specialized skill sets and a dedicated focus to execute correctly. Though SEM is closely related to an agency's traditional service offerings,

outsourcing can enable the agency to focus on services that have a more significant business impact to the agency.

SEM also requires several skill sets that can put tremendous strains on the budgets and resources of traditional agencies, especially smaller groups that have limited resources but extensive responsibilities. Outsourcing can help an agency by providing their customers with a more robust service offering. In other words, partnering enables the agency to 'do more with less,' looking smarter and more capable in the process.

#### 5. Reduced Risk

Although partnering with a Search firm will not eliminate risk for the agency completely, it can reduce the risk significantly. Since the up-front costs of outsourcing are lower than building a practice internally, agencies will definitely reduce their overhead and financial risk.

Outsourcing also allows agencies to share the risk/burden of selling and delivering SEM services with a qualified partner. Of course the key here is identifying and evaluating qualified firms who have the resources and bandwidth to effectively support the agency's needs. Search education services, along with formal agency partner solution programs, are key attributes to look for when evaluating agencies. These qualities demonstrate an SEM's commitment and ability to effectively service the unique needs of agencies.

Agencies should also perform thorough due diligence to ensure their SEM partner candidate is a good fit with the agency's culture, philosophy, and particular needs. Like agencies, SEM's come in a wide variety of shapes and sizes, with varying levels of experience, capabilities, and approaches. Therefore, in an effort to minimize risk, it is absolutely essential that the agency and SEM share a common business philosophy and develop a level of trust before establishing a formal business relationship.

#### 6. Access to New Trends and Technologies (Business Intelligence)

It goes without saying that any good SEM firm should be current on all the latest trends and best practices related to the Search Industry. A good SEM firm should also have strong relationships with the search engines (including access to their APIs), as well as access to third party data sources (e.g. Hitwise, Nielsen//NetRatings™, etc.) to provide information about your clients, their competitors, and their industry.

Good Business Intelligence requires current, accurate, and complete data. Using this information, along with other techniques (data mining), your SEM firm should look for competitive intelligence that will give your clients an edge vs. their competitors. Within the rapidly changing Search Engine Marketing Industry, a company with the best information, combined with tools that provide predictive modeling against alternative scenarios, can have a true competitive advantage.

## **CHOOSING AN SEM PARTNER**

Now that we understand the agency pain points involved with delivering SEM

services and the advantages of working with a qualified SEM outsource partner, the next area we need to explore is ‘How to Choose a Search Engine Marketing Partner’.

The good news is, now that Search is taking an increasingly prominent place in the marketing mix, there is no shortage of firms eager to help.

The bad news is - well - the same.

### **Evaluating your Search Marketing needs**

Before you begin reviewing potential partners, it helps to take a look within. Ask yourself:

- What kind of agency are we? Do we really want to handle something this intricate and dynamic ourselves?
- Is Search Marketing destined to be one of our core competencies?
- Where does responsibility for Search lie within our organization—and how might its importance change a year or two down the road?
- Can we afford to dedicate a team to this?
- Can we afford not to have this knowledge in-house?

Once you have evaluated the situation, now look out into the marketplace. As part of your due diligence on potential Search partners, ask the following:

- What is their methodology for beginning, implementing, maintaining, and evaluating a Search Marketing campaign?
- How do they develop a Search Marketing strategy? How do they arrive at their customer and market information (e.g., audience insights, category keywords, bid levels)?
- Which of their processes are automated, and which are carried out manually? Do they have a system for managing keywords and bids, or are they doing it by hand?
- How adroit are they at customizing their analytics? Do they provide real knowledge and insight, or just stacks of reports?

### **Query your Search partner candidates thoroughly**

Search Marketing companies come in a wide range of shapes and sizes, some stronger in marketing strategy, others hailing from the technology side. The difference in experience, capabilities, and approach is huge. What is perfect for one marketer might be a disaster for another. Search Marketing may be all the rage, but it is still in the infancy stages compared to other forms of advertising. Many companies have just moved into this space rather recently, so ask plenty of questions.

## **WORKING WITH YOUR SEM PARTNER**

You have decided to outsource, conducted a thorough evaluation of potential partners, and made your decision. Great! The last thing you need to consider is how to work together with your SEM partner to ensure success of the new partnership.

One area of sensitivity many agencies face when working with outsource vendors is the perceived loss of control over their client relationship. This perceived risk by the agency can be a tough pill to swallow, especially given the fiercely competitive environment for clients and budgets that have developed in the advertising space today.

There is no argument that introducing a third party into the mix will create additional complexity, but it should not jeopardize the agency's relationship with their client if they are working with a trusted and qualified partner.

There are several steps an agency can take to establish a smooth business relationship with their SEM partner firm:

1. Establish the communication ground rules up-front. Because of the complexities involved with SEM campaigns, it is in most cases extremely important that the SEM firm have direct access to the client contacts, especially once an engagement begins. Despite this requirement, the agency can and should be involved in all campaigns and communications to ensure strategic continuity and knowledge share between all parties.

### **Pricing Models**

2. Identify SEM partners who are willing and able to educate your staffers. Because the agency has the direct contact and close relationships with their clients, it is important that agency staffers have a good understanding of the basic principals of SEO/SEM, and also be conversant in recognizing opportunities and discussing ideas with their clients. The SEM partner should be available to participate when applicable, but should also be positioned as a resource for Search strategy and competitive intelligence to help facilitate these discussions.

Search Education Services (training) are another value-added service offering an SEM firm can provide to help bridge the knowledge gap and ensure the agency is able to contribute to the business development process.

3. Demand transparency in sharing data, knowledge, and results with agency staffers and clients. 'Intelligent Use of Information' is a key driver for ensuring success in any Search initiative. Your SEM vendor should share the 'where', 'how', 'what', and 'why' of their services. They should also have an extranet tool in place to do so securely, efficiently, and effectively.

The concept of transparency in sharing information is a by-product of one of the key drivers agencies should consider before signing on with an SEM vendor – 'trust'. When entering into a business relationship, you are essentially trusting your partner to act as your agent when working with and advising your clients. Therefore, it is imperative that you have a high level of trust in their services and abilities to ensure you are getting what has been promised.

4. Identify SEM partners who focus on delivering SEM services only. As digital marketing has continued to flourish, there are several high profile SEM's who have begun to diversify their service offerings, by providing services like design and development in addition to their core SEM services. By doing so, these firms risk spreading too thin and diluting their ability to service the needs of their customers. In addition, they also introduce a level of 'competitive risk' agencies should consider prior to engaging in a formal partnership. Aligning yourself with a strategic partner that can compliment and extend your services offerings is one thing, but aligning yourself with a partner that can extend your service offering and also potentially steal your client is a situation best to avoid.

5. Look for SEM firms with established agency partner programs. It goes without saying that an SEM firm who has a formalized agency partner program in place is better equipped and more willing to work with an agency partner. These firms will have a good understanding of your pain points and will also have the people, processes, and procedures in-place to meet the unique needs of an agency.

## CONCLUSION

It is no secret that Search is quickly becoming the medium of choice for advertising dollars. More and more companies are adopting Search strategies, which steadily increases the online competition. Unfortunately, the skills and knowledge required to succeed in Search cannot be taught or learned overnight. Finding a trusted partner that will provide you with the education and services needed to support your client base becomes a necessity.

IMPAQT hopes that the guidelines and topics discussed in this whitepaper help agencies in selecting a Search vendor. Identifying the perfect fit for your company requires a close look at your needs and the needs of your clients.

If you would like additional information on agencies and Search Engine Marketing, or if you would like to inquire about IMPAQT's Partner Program, please call 1-888-949-4672 .