



How to Evaluate an SEM Firm – an Insider’s Guide

- Soren Ryherd, President and Co-Founder, Working Planet

Choose a strategic partner, not a vendor

Is the firm focused on your business goals? Have they asked about them? Many firms in the “vendor” category will focus exclusively on executing the tactical tasks of ad management, rather than strategically helping you push the business forward. A solid grounding in the business goals and metrics indicates that the campaign will be evaluated against these goals.

Key question: How will you incorporate post-lead data into bid optimization?

You are investing in thinking, not doing

Most agencies find efficiency through maximizing their use of their highest paid line item, their employees. If you are not careful, you run the risk of being assigned a single overburdened individual to manage your campaign. Good agencies preserve institutional knowledge and foster creative thinking by utilizing teams. Good agencies will also have some skin in the game, with a payment structure that grows as they find additional success. This allows the agency to comfortably assign more resources to growing accounts. Chosen correctly, an agency is not a commodity, but an investment in proven growth and increasing profitability.

Key questions: How many people will be involved in management? What are their roles? Who is our point person? How much experience does the team have?

Automation does not make for better performance

The rise of bid automation has allowed agencies to find efficiency and best practices through the use of tools. Every bid management tool (such as Kenshoo, Marin, Acquisio, etc.), however, has constraints regarding the data available, the access to the raw data, the media partners served, etc. If an agency is falling back on tool functionality as their value add, you can likely get all the value by using the tool yourself. Agencies should add value far in excess of simply monitoring campaigns in a bid management tool.

Key questions: Is a bid management tool being used?

If yes: Who is paying the fees for the tool? How many accounts are the manager/team managing? How are the targets being calculated? How is out-of-



channel lift being measured if organic search is not reported in the tool? How are non-API-based networks (such as LinkedIn) being managed? How does lead deduping happen?

If no: What tracking tools are being used? How are changes being handled in an efficient manner?

Take a holistic view

As user behavior is better understood with data and time, it becomes clearer that users do not act in a single, predictable fashion. Because of this, understanding cause and effect across marketing channels (out-of-channel behavior) is critical to assessing the effectiveness of online advertising. For example, up to 70-80% of value created from display advertising can come through out-of-channel behavior. SEM firms may not directly manage organic, PR, affiliate, or other sources of traffic, but they do need to understand the interaction of these other traffic sources with the SEM campaigns.

Key questions: Are you tracking activity beyond SEM?

If yes: How are you looking at attribution or out-of-channel behavior? How are those data used in evaluating or optimizing the SEM campaigns?

If no: Who will determine out-of-channel value for proper targeting of goals?

Beware exposure-based tactics

Marketing is done for a purpose, and that purpose is to increase the profitability of the company. The path to profitability may be convoluted, but it should be understood, ultimately. With the advent of online advertising and increased data gathering and analytics, it is possible to peel away the layers of fog to understand user behavior and create campaigns built around profit targets in a way that was not possible pre-Internet. However, many companies still focus on driving traffic to a site, and in taking exposure-based approaches which may be expensive and ineffective.

Key questions: Are your bidding strategies based on position or conversion? How do you determine cost-per-click on a keyword? How is the relative value of audience segments being determined? How do you channel resources to the most effective pieces of the campaign?

By exploring how an agency bases tactics on results, and by entering the agency conversation with a clear conversation on the business goals you are looking to achieve, you will be in a position to develop a mutually beneficial and strategic relationship that will help drive your company to new levels.