

SEM From A to Z

To drive sales with search, determine goals and size up the market

BY CHRIS HENGER

Nowhere in all of marketing is there a more misunderstood word than *optimization* (as in search engine optimization).

The term originated from the practice of modifying HTML on Web pages to increase "crawlability." But it largely was replaced by *search engine marketing* as search became more of a marketing and advertising function than a responsibility of tech departments.

Optimization is still used in many ways, some of them confusing. But it does have a clear meaning in at least one context.

Optimization is a systematic effort to improve the performance of paid SEM programs involving Google AdWords, Overture or a combination of similar search engines. That means digesting data and the lessons learned, implementing rules and constantly assessing the program's results.

So how do you optimize your SEM program?

First, determine your business goals. What do you want to achieve? The options include:

- *Driving e-commerce transactions.* These traditionally are measured against return-on-investment objectives such as an effective revenue-sharing metric (SEM media costs divided by SEM-driven revenue). Success depends on finding the right target ROI that optimizes sales volume.

- *Driving product or subscription transactions.* This is a common use for firms that offer credit cards, wireless subscriptions and other services. Success is measured against a targeted cost per acquisition or cost per order.

- *Acquiring online leads for offline sales.* This requires a two-step measurement process with a feedback loop.

- *Signing up customers for opt-in e-mail, contests or other activities.* This is most commonly managed to or measured against an effective cost per lead.

The next step in the SEM cycle is to track the URLs assigned to each keyword at each engine, and generating data on clickthroughs, conversions and other activity. This can easily be done with scalable, automated technology platforms. You then have to analyze the data to

determine actionable findings that will improve results.

Now that you've got these tools in place, you want to pull the right internal keyword levers and determine the

impact of external marketplace factors on your program.

Essentially, there are two sets of variables, internal and external.

Let's look at the first.

Internal Variables

Whether managing to a fixed budget, capping the budget at a certain amount of dollars per month or managing for

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ROI, many areas of your keyword portfolio can be optimized using the internal skills available to you. These include keyword adds and deletes, choosing engines, bid prices, landing pages, copy, and spending caps.

Deletion is the eventual end for keywords that won't convert into sales or other desired outcomes. A structured process for adding and deleting them keeps a program dynamic. One of the biggest mistakes you can make at launch is to develop a master keyword list and then fail to add and delete keywords as the program evolves.

At the most basic level, marketers can place bids at different search engines to improve keyword performance. Typically, Google and Overture cost more than alternative search engines, and taking an unchanged bid price to a less expensive engine can make keywords more profitable.

Simple bid adjustments can also create drastic changes in keyword effectiveness. Expensive keywords that command top rank may not drive profitable sales at that price point.

Don't be afraid to lower your bid. Several apparel marketers have done just that, and their sales have remained strong despite the drop in rank. Better yet, they have reduced their costs.

Other marketers set maximum bid prices for certain products or product lines. When a keyword portfolio is not producing, it can pay to adjust the price threshold.

But this isn't only about keywords. It also concerns what happens to consumers when they hit your landing page.

For starters, landing pages must be relevant. If a consumer types "men's khaki pants" into Google and clicks on a sponsored link from Gap Inc., he is far more likely to buy if sent directly to the page offering men's khaki pants or to the most relevant page on that site. A critical mistake is sending searchers to a page requiring consumers to navigate to the product after already expressing their interests.

But landing pages are not always so plain. Shoppers looking for floor lamps might prefer category-level pages where they can compare many products at once instead of more spe-

cific product-name or model-number queries which require delivery right to the product page.

Consumers also respond well to a cohesive message. While keyword copy should be compelling and

action-oriented, it should never be at odds with the search, query or landing page. All three elements should communicate complementary messages and create a cohesive shopping experience for the consumer. Strong

creative can reduce the number of wasted clicks.

Another trick is to set pricing parameters to better maintain control of your SEM program. These might include overall monthly budget caps for

SEM, individual keyword bidding caps, or categorized spending limits based on product margins or other attributes.

SEM programs contain mountains of data and require disciplined analysis. However, direct marketers should find

comfort that only a handful of search variables can be tested for optimal performance. Remember good testing habits and isolate variables for discernible impact, but know that this is only one piece of the puzzle.

Marketplace Variables

Now let's examine the external (or marketplace) factors.

SEM program managers who know how external variables affect their programs have a huge advantage over com-

petitors lacking the same understanding. Some of the most common factors include seasonality, competitive practices, overall marketing objectives and online consumer demand.

Seasonality is based on geography and time of year. Consumers seek different products at different times. Marketers who ignore this will overbid on keywords related to out-of-season products or services.

And seasonality may effect your future optimization efforts regardless of your goals. Just as out-of-season products are removed from retail showrooms, so you must eliminate seasonal terms that can hurt your overall performance.

You also should consider what your competitors are doing—and act accordingly. For example, a rival firm may make a conscious decision to own a certain product category. To do that, it will maintain the top bid price for each product in that line.

Don't think you're helpless in that situation. If a bidding war exists for the top spot, the third spot could be the most profitable. SEM program managers can initiate a bid-price adjustment across the entire product line, choosing to pursue the third spot instead of the top.

You should also align your SEM goals to your overall marketing objectives. This means assessing consumer demand, merchandising priorities and other factors, and making sure your SEM program works toward the same objectives.

Not all marketing objectives translate well in online channels. For example, merchandising decisions should be weighed against a consumer's likelihood to purchase online. Is the product conducive to online sales? Will consumers buy it without touching and feeling it? Can it be shipped easily? If the answer to any of these questions is no, you should consider shifting focus to more attainable goals, like using the online channel to drive offline leads.

What can you expect if you fail to optimize? Decreasing performance as competitors fine-tune their strategies. But marketers with clear goals and who learn the internal keyword levers and understand marketplace dynamics, will take their businesses to new heights. **D**

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