

## A Portfolio Approach to Search Marketing

### Online Strategies

*By Allen Hammock*

Over the last decade, paid search marketing has grown from a fledgling, experimental advertising medium with a multitude of providers and players into one of the largest budget considerations for advertisers, offering unparalleled measurability. As we all know, it's also a marketplace with one large player overshadowing everyone else.

As the paid search marketplace continues to evolve and grow, the strategies advertisers employ must also evolve. A recent U.S. Search Engine Performance Report by Efficient Frontier shows that between Q4 2008 and Q1 2009, advertisers increased their ROI by 10 percent while spending 3.3 percent less. They have found ways to achieve their ROI more efficiently by identifying less costly sources of traffic.

While some ad managers may be finding efficiencies within their current ad campaigns, ultimately they will still be held accountable for driving growth from advertising efforts. How can an advertiser continue to meet their growth goals while maintaining an efficient ROI?

I suggest a portfolio approach.

#### **What is a Portfolio Approach and Why is it Important?**

The idea behind a portfolio approach to paid search marketing is similar to the approach used in the stock market: instead of concentrating your budget in one place, distribute that budget over several different sources of paid search marketing to help you maintain your ROI goals by incorporating less-competitive sources of traffic at lower costs. Diversification of a search-marketing portfolio can contribute positively to an advertiser's bottom line.

These sources of traffic are abundant, but the challenge is to find the right traffic providers that meet your goals.

#### **Pricing and Quality**

Advertisers must identify sources of incremental traffic that provide the right mix of traffic quality and price. On Google and Yahoo, you probably assume a certain uniformity of traffic quality, but when considering alternative sources, it's necessary to balance the mix of quality and cost. You have to measure your ROI separately for each source, and price accordingly.

You must identify sources of incremental traffic that provide sufficient sources of volume—enough to justify the time spent. As the number of traffic sources increases, the time you spend managing budgets and optimizing for conversion targets can climb disproportionately. Therefore, it is paramount that sources meet volume, price and performance goals combined. Your own time spent in creating value has to be considered as part of the total equation—some providers will recognize this and help you diversify without requiring you to increase your staff or take valuable time from the management of other sources.

#### **In Pursuit of a Portfolio Approach**

Advertisers who take a portfolio approach to paid search marketing diversify their efforts by replicating existing campaigns on alternate sources of traffic with less-competitive CPCs. In my opinion, the best alternate sources of traffic are search-advertising networks: Ask Sponsored Listings, Miva, AdKnowledge, Advertise.com, ValidClick and LookSmart are just a few. These networks aggregate traffic from low-volume sources like meta-search engines, domains and smaller sites to offer lower CPCs on traffic not monetized by Google and other entities.

#### **Evaluating Alternative Sources: Find the Features that Matter**

Once advertisers begin to explore their options outside of Google and Yahoo, they quickly find that there are dozens of networks to choose from. One of the first questions you should be asking yourself is whether or not the networks you are evaluating have platforms that accommodate the essential features necessary to support your campaigns. Here are some factors and issues to consider:

- Does the network support geo-targeting? Do you need granular controls in order to target your audience?
- Can you focus your campaigns to target budget dollars to certain times of day or days of the week when conversions are

highest?

- How complex are your current Google or Yahoo campaigns? Do you have millions of keywords under management? Do you use ad groups and automatic optimization through ad rotation? Not every ad network platform supports these features and some may not scale to meet your particular needs.
- Of course, you won't require every feature an ad network platform provides for each ad campaign. However, you need to make sure the particular combinations of features are available to meet your minimum requirements. By choosing ad networks with platforms offering a wide range of features, significant changes will not be needed in order to transplant campaigns from one ad network platform to the next.

A recent internal study of LookSmart's biggest Managed Service clients revealed that they spend, on average, 23 hours per person each week managing Google campaigns. Advertisers that may already be interested in expanding their campaigns via a portfolio approach may be concerned—and rightfully so—that there simply aren't enough hours in the day or week to add additional sources of traffic. Maintaining Google campaigns is itself a barrier to many of you interested in implementing a portfolio approach.

Fortunately, some ad networks offer products and services to ease the time and resource burden, or neutralize it almost completely: managed services, robust targeting features and platforms that are compatible with bid management software can make a portfolio approach easier to implement. As you evaluate ad networks in terms of the resources you'll need for campaign management, keep a few questions in mind:

- How easy is it for you to keep your bids up to date? Can you make sweeping changes with a few clicks?
- Can you automate changes through scripts or make bulk changes with a spreadsheet?
- Does the provider have an open API and do automated bid management solutions support it?
- Can you get support from the ad network to assist in campaign optimization? What additional services does the provider supply in order to minimize your total time commitment?
- Additionally, what kind of coverage does your chosen ad network provide? Do you need to shop around for multiple providers or does the ad network aggregate publisher networks into a single meta network or exchange? Many ad networks assume their customers are comfortable with the self-service model, but some provide value-added services and consultation that leverage advertisers' existing campaign assets and resources.

### **Jump-Starting Your Diversified Portfolio**

Ultimately, advertisers need to prove to themselves that they can diversify their PPC portfolios without over-extending their resources to the detriment of their overall ROI. This can be challenging, especially as the performance demands on campaign managers increase and costs continue to rise.

Fortunately, the competition for your business is increasing and viable solutions exist in the market to achieve these goals. A few simple tips will get you started:

**Compatibility** – Find the ad networks that meet the minimum requirements needed to port your Google campaigns.

**Service** - Call the ad networks and ask them if they can convert your campaigns for you. What additional services do they provide to help you maintain your ROI goals?

**Scale** – Can they provide the scale and quality you need to increase your productivity and reduce your costs at the same time? Some networks will test your keywords and work with you to find the right scale at the right price.

There are providers out there that can augment your existing plan and provide you with incremental scale at a reasonable price. The key is to set aside a small amount of your time to evaluate the alternatives in the marketplace and to find those providers who will work with you to make your time worthwhile.

### **Acquiring Volumes of Traffic at Appropriate Prices** - The Heart of a Portfolio Approach

A portfolio approach to search marketing isn't meant to turn your world upside down, but rather to slightly change your current approach for improved results. Here are a few guidelines to ensure your success:

**Invest in Testing** – Advertisers aren't going to know what traffic sources work until you try them out. Set aside a portion of your budget to test out potential "portfolio traffic sources."

**Communicate Often** – For those ad networks that have customer and managed services, communicate your goals clearly to them, so that they can help you create the best campaigns possible for their network. Since each network has different offerings, some may be better suited to accommodate your campaigns.

**Solve for the Bottom Line** – When evaluating new sources of traffic, advertisers should re-evaluate success metrics. If a traffic source offers significantly lower CPCs than Google in addition to managed services, it stands to reason that conversion rates can vary and still meet ROI or CPA goals.

It is understood that the main source of PPC traffic for most advertisers is Google. The reality of the marketplace is that the majority of searchers use Google, so focusing on Google is understandable. However, focusing on a single provider to the exclusion of all other PPC opportunities could be a serious tactical error. There is a lot of opportunity out there for any advertiser willing to expand the scope of their search campaign to alternate sources of search advertising traffic from networks.

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