

## Questions to Ask Your Prospective Paid Search Advertising Agency

Before choosing an agency to manage your paid search advertising, be sure to ask them the following questions:

### **Do you prefer to start with Paid Search or Natural Search?**

There are some major differences between Paid Search and Natural Search. A notable difference is that with Paid Search, one can (and should) advertise on a wide variety of key phrases (at least in the hundreds) and track the results of their efforts on a key phrase by key phrase basis. With Natural Search, one should focus on a small set of well trafficked, effective key phrases.

By starting with Paid Search, one can gain explicit data on which key phrases convert into leads and sales, and then use this data to target key phrases for a natural SEO campaign.

Unfortunately, most of our industry fails to lead with Paid Search, preferring instead to launch Natural Search efforts first. Why is this? Two potential reasons present themselves. This could be due to simple incompetence, but a less charitable interpretation of industry behavior could be that since Natural Search is typically FAR more profitable for the search marketing firm. With Paid Search, most of the client's money goes immediately to Google and Yahoo in the form of media buys.

In our view, the only legitimate reason a business should focus on Natural Search before proving out keywords on Paid Search is that the company is in an industry niche that is not hypercompetitive and has fairly obvious primary keywords with significant search volume.

### **How extensively do you perform key phrase research, and what factors do you consider when evaluating key phrases?**

The biggest advantage of Paid Search is that one can advertise on a large universe of key phrases, and track them on an individual basis. In addition, there is no charge for an advertisement to be shown. There is only a charge if the advertisement is clicked upon.



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Consequently, Apogee Results's marketing driven approach is to launch a large number of key phrases, constrain the media spend via bid limits, track results down to the key phrase basis, and adjust the bid limits as more data is received. The primary factors we consider when doing an initial evaluation of key phrases is:

- Potential search volume
- Number of competitors
- Current bids
- Relevancy to client offering

## **What is the highest number of active key phrases you have managed for a client?**

If the answer from your potential Search Engine Marketing vendor is not at least in the thousands, you should be concerned. Apogee Results has managed over twenty thousand key phrases for a single client, and over one hundred thousand keywords across our entire client base.

## **Do you prefer to use Broad Match or Narrow Match?**

Narrow Match means only searches on the exact key phrase result in the advertisement being shown. Using Broad Match results in ostensibly similar key phrases all being shown the advertisement.

The advantage of Broad Match is that it allows a key phrase to receive much more traffic without the managerial impact of a large universe of key phrases. The disadvantage of Broad Match is that it tends to generate more untargeted traffic than a campaign with sufficient breadth of key phrases set on Narrow Match, which means that it costs more in media buys with Google to obtain a desired conversion result for a given dollar of investment, than does Narrow Match.

Apogee Results recommends Narrow Match on a large selection of key phrases. This allows for extreme optimization of the campaign to maximize returns. If an agency or SEM vendor recommends beginning with Broad Match, it may mean that they are either unable or unwilling to put in the effort to truly optimize your campaign.



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## Which Paid Search engines do you use?

At a minimum, Paid Search campaigns should be run on Google and Yahoo. We typically recommend that MSN Search should also be included in the campaign, to maximize results.

A few additional engines (e.g. Business.com, IndustryBrains, Verizon Superpages, and FindWhat) are worth trying for most clients, but these can often wait until a secondary phase of the Paid Search campaign, and generally produce only a small fraction of the results obtainable from Google and Yahoo.

## How do you test and measure results?

Paid Search advertising must be tied to the specific goals of the website. If a website's purpose is to generate leads, those leads must be able to be connected back to specific key phrase advertisements. Similarly, if a website's purpose is to generate sales directly, the sales (and their value) must be able to be tied back to the advertisement from which they came.

There are a number of tools available that will allow you to tie such transactions to the specific key phrase and search engine using tracking URLs. The Apogee Results marketing team is proficient in a wide range of choices in web analytics, and will work with you to get the right tools working with your website, or to properly configure the tools that you already own.

## What are bid limits, and how do you calculate them?

A bid limit is the maximum you should spend per click for a particular key phrase. While receiving clicks for less than the bid limit increases profitability and is very much welcome, it is extremely important to have an upper boundary. The formula for calculating bid limits is as follows:

$$\text{Transaction Value} \times \text{Conversion Rate} \times \text{Advertising Percentage}$$

Transaction Value represents the value of the online transaction. For instance, if you are selling widgets for \$100, and your cost of goods is \$60, the value of a transaction is \$40. If the site is collecting leads, you need to determine what a lead is worth.



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Conversion Rate is the percentage of website visitors that submit a transaction. If 200 people come in on a particular key phrase, and ten of them submit lead forms, the conversion rate is 5%.

Advertising Percentage is a strategic decision determined by how much of the value generated by a transaction should be allocated towards discretionary advertising spend.

As an example, let's say you have a transaction that you determine to be worth \$100. For a particular key phrase, the conversion rate is 4%. You're looking to grow as quickly as possible, so you set the advertising percentage as 50%.

The formula would be:

$$\begin{aligned} & \$100 \times 4\% \times 50\% \\ & \text{For a bid limit of } \$2.00 \text{ per click.} \end{aligned}$$

Bid limits should be calculated on a key phrase by key phrase basis, as the conversion rate (and sometimes the transaction value) can vary greatly from one key phrase to the next.

If an agency cannot speak intelligently about bid limits, it likely reflects poorly on their competency.

## **What is the highest monthly advertising spend you have managed on Paid Search for a client?**

Many agencies (or so-called agencies) and putative Search Engine Marketing vendors have never managed large budgets in the search engines. If you have budgeted large amounts for Paid Search (or expect your budget to grow there), look for an agency which has, at the very least, managed monthly budgets in excess of \$50,000.

The Apogee Results marketing team has managed monthly Paid Search budgets for individual clients well into the seven figures of spend per year.



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## How many international campaigns have you run?

International Paid Search campaigns have specific concerns. If your offering is (or will be) available globally, you want an agency with experience.

The Apogee Results team has managed successful international campaigns, in both the B2B and B2C spaces, for both European operations and for Asia Pacific.

## How many W-2 employees do you have? Do you have an office outside your home?

Many so-called search engine marketing firms consist of nothing but a principal (chief salesperson) operating with a cell phone and a home office, reselling a handful of 1099 sub-contractors. As the largest search engine marketing firm in Central Texas, and one of the largest in the southwest United States, Apogee Results is currently bursting at the seams with over fifty full time employees occupying a 13,000 square foot office.



### ABOUT APOGEE RESULTS:

Apogee Results is a leading online marketing agency that develops and manages customized search engine optimization, paid search, and website effectiveness consulting programs for B2B and B2C clients. Apogee Results uses proven techniques, powerful web analytics tools, and a deep expertise in statistical evaluation to generate solid, measurable results at every stage of the search marketing process.

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