

# SEM Marketers are Missing Out: Seven Ways to Mis-Measure Your SEM Program

by Gary Angel

Just how good is your Search Engine Marketing program? The only way to know, of course, is to measure it. But if, like many organizations, you rely on the standard reporting from an agency or PPC Bid-Management system then there's a pretty good chance that you're getting a partial or even seriously wrong read on your actual performance. In addition, you're probably missing out on several measurement strategies that can significantly improve your PPC optimization and your overall SEM program balance.

Most companies these days have a web analytics solution in-house from a vendor like WebSideStory, Omniture or WebTrends. These are pretty good tools – and their sole function is to help understand web site performance and visitor behavior. And chances are that these same solutions are used to measure every aspect of web channel marketing except Search Engine Marketing.

For reasons both real and historical, Search Engine Marketing (SEM) activities have been walled-off from the rest of the web channel. Not only is the Search Campaign usually executed by outside buyers, these buyers and site optimizers are often managed by separate units and they use their own measurement tools and techniques. In most cases, the stated rationale for this is the need to have real-time analysis of conversion behavior channeling into a Bid Management system (more on this later).

This has led to significant duplication of effort – as organizations slap multiple tags on pages and create redundant organizations to understand and optimize the results. Perhaps worst of all, it has greatly increased the chances that SEM programs are optimizing locally instead of globally – achieving performance either at the expense of other goals or channels, or performing against goals that turn out to be meaningless to the business.

Here are some of the most common mis-measurements and missed opportunities that beset Search Engine Marketing programs.

**Organic Cannibalization and Support:** The degree to which a PPC program may be “borrowing” clicks from organic listings can have a dramatic impact on the perceived ROI of Paid Advertising. Knowing how many of your PPC visitors would have come to your site via an organic link is essential to understanding the actual value of a search term.

In our numerous studies of this issue, the most common result was significant organic cannibalization of “brand” terms and highly-positioned (top 3) organic terms. However, the degree of cannibalization varied widely (and could even provide support). In addition, this cannibalization was always accompanied by true incremental lift from PPC.

This last point is made much of by the various Search Engines in their marketing – and they address the issue of organic cannibalization with nearly identical data showing this undeniable lift. This “Yooglesoft” take on cannibalization misses the point, of course. Program managers need to know the real cost of incremental lift by search term or they can't effectively manage their programs. Incremental lift is only desirable within some price range – and you can't figure out the real price of the lift unless you understand the depth of cannibalization.

There is no one right answer about the extent or importance of organic cannibalization – there is only the right answer for your organization based on actual measurement. Most enterprise web analytics systems can do this type of analysis easily – and provide you with a significantly better understanding of your PPC programs real ROI than you'll get from looking at your basic PPC statistics.

**PPC Self-Cannibalization:** Many visitors source multiple times via Search Engines – and are particularly likely to re-enter a session as a “brand” term. When this happens, PPC engines will often credit only the last keyword used – effectively over-stating the performance of “brand” words while understating the performance of every other category. Even if they credit both, they typically provide no way to understand the overlap. Again, web analytics can do this - and provide significant corrections against mis-optimizations or misunderstandings based on multiple PPC entries about the value of certain types of words.

**Measuring Engagement via Conversion Proxy:** When a business is multi-channel and/or conversion is offline, then optimizing PPC buys can be nearly impossible. By building “Conversion Proxies” – measures of engagement based on specific behaviors or quantities of behavior - in a web analytic solution, you can provide comparative measures of qualification by Search Term (or Ad Group) that are nearly as good as (and in some cases better) than true conversion. For PPC programs where online conversion is non-existent or a poor indicator of overall performance, this technique is absolutely essential – and can vastly improve the real performance of a PPC buy. If you let an agency optimize your program to clicks, you are almost certainly wasting 30-50% of your program dollars.

**Cost of SEO Optimizations:** SEO experts are always clashing with site designers about the specifics of site implementation. Will or does a set of SEO optimizations really decrease usability? And if so, how should this be measured versus the increased lift in traffic? Web Analytics can provide detailed understanding of both the increased organic lift generated by SEO improvements and any change in the actual efficiency of the site in converting visitors. Using “functional web analysis” – the measurement of web pages using statistics specific to their function within the site as “routers”, “convincers”, etc. – the web analyst can provide finely grained analysis of the real impact of SEO changes. There really is no other way to evaluate this argument sensibly.

**Identification of SEO Opportunities:** One of the things many organizations don't have a good handle on is the size of their SEO opportunity and also how to target it. Other than optimizing for Google, what can companies tell their SEO consultants about how to proceed? Web Analytics can help here by providing an analysis of SEO “holes.” Holes are pages or content areas within a site that are poorly indexed on one or more Search Engines relative to the average for the site with that Search Engine. Holes often pinpoint content that one or more engines are struggling with – and they are the highest return places for an SEO expert to target. For large sites, SEO experts often miss big holes – and focus on building the performance of the home page and other obvious site components.

**Evaluating Lead Qualification:** A big part of understanding where to focus resources is ranking the quality of leads sourced by each channel. In many situations, companies will find they simply get better prospects via PPC or SEO or banner campaigns. When that's the case, it often makes sense to concentrate efforts on that channel. Web Analytics is the natural place to perform this evaluation – and has the advantage of offering long-lead cycle conversion analysis that can evaluate the cross-channel cannibalization of each of these channels – something that simply can't be done within any single channel measurement solution.

**Value of Controlling Where a Visitor Lands:** One significant benefit to PPC leads is the fine-grained control PPC buys provide for where a visitor lands on your site. The value of this can be directly measured by web analytics solutions – which usually make it quite easy to compare the

performance of segments by initial landing page.

### **The Need for Real-Time?**

Web Analytics seems like the natural place for understanding and optimizing Search Engine Marketing – just as it is the natural place for understanding and optimizing visitors sourced by any other channel. So why isn't it used more often?

Part of the explanation lies in the very real need for real-time optimization of bidding. As Pay-Per-Click programs increasingly rely on automated bid-management systems, it seems essential that these same systems have direct (real-time) feeds about behavior. For organizations that use a Bid System from a web analytics vendor, that's a slam-dunk. But for anybody else, it probably means that a duplicate tagging/tracking system be put in place.

But while the need for real-time PPC bid management is completely valid – it is frequently exaggerated and mis-stated. With PPC Bid-Management, the one variable that can change with lightning rapidity is the bid environment. As bidders move in-and-out of a market space, the price that a company must pay for a search term can shift dramatically in hours. On the other hand, nearly every other variable used by a Bid Management system is much more static – and can be productively analyzed by non real-time systems.

It simply isn't true (as should be obvious) that for most organizations in most situations that the value of click from a given keyword/creative combination fluctuates dramatically. This isn't true for any other advertising medium – and it isn't true for PPC either. When it does happen, it's more likely an artifact of click-fraud than a genuine business issue.

But even if PPC Systems should be able to take conversion data on a batch basis – they frequently just don't work that way. You may be stuck tagging your site to support both traditional analytics and your Bid Management System – but that doesn't mean that the role for Web Analytics goes away. As the seven items above plainly illustrate, measurement done by traditional Bid Management systems doesn't cover nearly the range that a good enterprise web analytics solution will.

### **Summary**

Search Engine Marketing has become one of the key tools for almost every serious web site. To measure it properly, you may need to integrate conversion data with your Bid Management system – but you shouldn't assume that this means you've got measurement covered. There are variety of web analytic techniques for helping measure Search activities better – and to help you understand how each fits into the larger business goals of your website. The good news is that your probably already have the appropriate tool (an enterprise web analytics package) for addressing each and every one of the measurement issues described above.