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MARRY SEARCH DATA WITH SALES TO BOOST YOUR MARKETING ROI

By Ron Belanger & Bill Mungovan

Search marketing has been one of the few advertising channels that has weathered the recession with flying colors. The accountability of search marketing, especially with retail and transaction driven businesses, makes the return of the expenditure easily justified.

But what do your actions really tell your CEO about business performance? Sure, you have a report that says your expenditure of \$10,000 drove 200 conversions, and it's great to point to top-line revenue growth. However, what that report doesn't indicate is how many dollars and cents your efforts have driven to the bottom line of the company's P&L statement. Today's cutting-edge search marketers are doing just that.

We talk endlessly in this industry about conversions being the holy grail of our efforts. Conversion rates, and increasing them, will be the topic of many discussions here in San Jose this week. And this is certainly a good place to hone our efforts.

But with today's ever-discriminating CEO, we need to do better. We can't just indicate that we drove 200 sales, because those might not be the types of sales we're after. Not all conversions are worth the same to your business: Some conversions will cost you money, while others will generate rich returns.

Only by tying the online search activity and resulting conversion to our CRM and sales databases can we truly establish a story around how profitable our search activities really are.

For example, it may turn out that certain keywords are efficient at driving conversions, but upon further analysis, we find that those conversions are of relatively low value due to high return rates, credit card failures, small order size, or low margin products being purchased repeatedly. It could also turn out to be the exact opposite scenario, where there may be a business case to justify a higher CPA for certain types of conversions.

Marrying search data with sales and CRM platforms is not a futuristic dream; it's a reality today for many companies, agencies, and search marketers. Here, we'll lay out a basic framework to follow.

Technology

The first step in planning to roll out a profit optimization strategy is knowing what will be required from a technology perspective. Obviously, you'll need to establish a way of feeding your traditional order fulfillment systems some parameters around which keyword drove the sale, which engine it came from, and how much you paid to acquire that customer.

Some rudimentary ways of doing this are with custom tags, unique phone numbers, and dynamically-generated landing pages. While these types of efforts don't scale particularly well, it can get you started. In these types of scenarios, you are flagging each sale with some of the rudimentary search data that will be required for your analysis. For example, order 112 came from Yahoo for the keyword "flat screen tv."

A better way of solving this need is through an automatic data sync, done with APIs. This allows for richer data to be collected and analyzed in real-time. Some of the more common platforms employing this kind of solution include SAP, Oracle, and Salesforce.com. This allows for the full power of the technology platform to be

leveraged, along with the enhanced intelligence brought to the sale through the acquisition parameters.

Reporting

Getting systems connected is important, but perhaps even more important is extracting actionable insights from the connection. Today's profit optimizers want to know which conversions are high value and which are low value, so that they may quickly make crucial decisions. Yes, it's an extra data set to examine — and we all know how much data there already is to analyze. This is why the reports need to be simple, updated in real time, and most importantly, actionable.

Optimization Tactics

Now that you have your systems talking and you're getting good reports, what do you do next? From the reports, you should be able to do some basic segmentation work around stratifying your conversions into "high value," "average," and "low value."

Much like in traditional search marketing, you'll want to identify outliers, trends, and commonalities amongst the groups. For example, are certain keyword categories generally driving more profitable sales? Is there a way to expand keyword sets, and reallocate budget in an attempt to capture more of the high value sales? Most of us deal with an annual budget allotment, and we'll want to make best use of that budget as the business year progresses.

You will also want to modify your bid rules to capture more of the high value traffic. Many bid management platforms allow for complex if/then bid rules, which allow the marketer to incrementally — and cautiously — get more aggressive with bidding, providing certain performance criteria are met (order size, product SKUs). This allows for true scale, and puts the power of bid management into your profit maximization practice. Concurrently, you won't be risking your daily budget with unproven tactics or black-box optimization systems — particularly if those black-box systems are running on incomplete, on-site-only data.

We are constantly amazed at how smart and aggressive our customers are in the search marketing space. One of our clients, Vintage Tub and Bath, utilized profit optimization strategies to get much smarter about their search efforts. Essentially they tied their search marketing efforts to their phone

Not all conversions are created equal.

Want to learn more?

Bill will be speaking at Thursday's 3:45 p.m. session, "Brainstorming the Paid Search Super Tool." For more information, visit

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center, where most of the sales occurred due to the high ticket nature of the business (not a lot of people buy bathtubs online, as you might imagine). This allowed them to double-down on keywords that were producing the more profitable sales through their call center and minimize those that were driving small orders.

"Our call center is responsible for a significant amount of revenue. If someone is putting in thousands of dollars for an order, they want to make sure they're buying what they need," says Allan Dick, CMO and senior plumbing evangelist for Vintage Tub & Bath, a top 500 online retail site. "We needed to understand our ad spend not just on the keyword level, but on the revenue and profit level. And we needed to understand how our online ad spend drove offline revenue."

The ability to connect offline costs and revenue with online ad spend, all the way down to the keyword level, has given Vintage Tub & Bath valuable insight not only into which specific keywords drive revenue, but which keywords drive profit.

While search marketing remains an exciting and dynamic field, we are even more excited about profit optimization. Those marketers who understand the bottom-line results of their efforts will be in the best position to win during these trying times. ■



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