

Choosing Your Search Engine Marketing Path

Search Engine Marketing (SEM) is becoming more and more complex every day, it's clear the days of managing campaigns using "the force" and spreadsheet jockeying alone are coming to a close. Deciding whether to bring on a full service SEM agency or license technology to manage your SEM campaigns in-house can be a daunting task. We've been banging our heads against the wall testing out both types of solutions over the past couple years. Based on our experience, we thought we would compile a list of things we've learned along the way and things we think you need to consider to help you determine what the best solution is for your company.

Points to consider when comparing full service SEM agencies and/or licensed technology:

Control: Licensing technology is a great option for those companies that consider SEM a core competency. This allows for a great deal of organizational learning and ensures an unbiased approach to bidding. On the other hand, if you aren't an expert search engine marketer and aren't willing to commit the resources needed to become one, a full service agency will provide the experience and manpower to get your campaigns humming.

Pricing: While there are many different pricing models in the industry, the most prevalent model is based on a percentage of ad spend. Fees typically range from 10% to 20% of ad spend for a full service agency and 3% to 8% for licensed technology. One must also factor in the in-house resources needed in either scenario. A technology solution will require additional resources internally, while an agency will commit a small team to the project and lighten the load on the advertiser.

Knowledge: Bringing in a technology solution for your team to use to manage campaigns has its advantages (see "Control" above). After all, who knows your products better than you do? On the other hand, utilizing a full service agency brings a wealth of knowledge of the industry, players, and systems to jumpstart your campaigns and allows you to focus on your product.

Goals: One thing to keep in mind is your agency's incentives. Using the industry standard "percent of ad spend" model incentivizes your agency to do one thing; spend. Consider using variable pricing dependent on beating mutually defined goals to align your incentives.

One thing is clear: there are many options out there and the industry standards are still being defined. Be sure to take this opportunity to help define them in a way that makes sense for your business. In this space, there is no "one size fits all" solution so you need to make sure you do your due diligence and find the right type of company to partner with early on.



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Be sure to check back for “Part Two” where we will take a deeper dive into the vendor evaluation process.

Peter Novotny, Manager of Marketing, and Michael Liebelt, Marketing Manager; W3i, LLC

Peter and Michael have six years combined experience at [W3i](#) (owner of [Freeze.com](#)), focusing on Search Engine Marketing, [Display Advertising](#), and Mobile Marketing in the Integrated Interactive Media industry.



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