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## THE DANGERS OF HIRING A SEARCH MARKETING FIRM

If you hire a search agency to manage a pay-per-click campaign (Google AdWords, Yahoo Paid Search, etc.), you may have a serious problem. Here are two things to watch out for:

1. Your search agency may also be representing your competitors, and artificially inflating click through rates (and increasing its own profit) at your expense.
2. Your account may be managed by a young, inexperienced person using a very formulaic approach.

The first situation results from what we (Work Media) consider unethical behavior, which is representing multiple clients who are direct competitors. How can a search agency honestly represent a company and manage its pay-per-click marketing campaign as aggressively and efficiently as possible when it also represents competitors?

We recently had discussions with a law firm in California paying unusually high click-through rates in its pay-per-click campaign. This firm and one other firm seemed to be in a bidding war for the top spot. The third spot for the same search phrase was much more reasonably priced. As it turns out, the two firms competing for the top spot, and running up exorbitant rates, were represented by the same search marketing firm. This search marketing company could have easily had the two law firms ranked one and two by bidding slightly above the third highest bid. But instead, the company chose to bid the two firms against one another, artificially raising the click-through prices, and making a much larger fee for itself. We were very bothered by this highly unethical behavior. The lesson here is make sure your search marketing firm does not also represent your competition.

The second situation above often results from hiring a very large agency. People skilled in managing pay-per-click marketing campaigns are hard to find. So large firms often hire as many young people as they can with the idea of training them to manage the campaigns. But this usually involves plugging them into a highly formulaic system that will result in unoriginal ad copy and inefficient bid management. You may be better off hiring a small firm with just a few people on its staff. You may get much more personal (and professional) attention paid to your account this way.

If you have the time, you should perform a search for every keyword phrase your search firm is promoting for you, and check out the ad. Make sure the ad appears, foremost, and then that the copy is strong. And make sure there are no mistakes. We have dealt with a third party firm that actually had the wrong web address in the ads. The page that the ad linked to was valid, but the copy of the ad contained a web address that was incorrect - very poor for your branding efforts. If nothing else, you want people to know your correct web address. If you have landing pages created for your search ads (which we highly recommend) make sure clicking on the ads takes you to the right pages. If your cost per click is too high to justify clicking your own ads, you should at least do a spot check.

You should discuss a target return on ad spend (ROAS) with your search firm, and make sure they provide you with adequate reporting so you will know how the firm is doing. For example, a typical target ROAS may be 5 - 7x, although this may vary widely from industry to industry. ROAS is the multiple of revenue generated to money spent on the ads. In other words, if you spend \$10,000 on ads that generated \$50,000 in revenue, then your ROAS is 5 (\$50,000 divided by \$10,000).

You just need to make sure you know your firm very well. Make sure they're not representing your competition. Ask the firm exactly who will be managing your campaign. If you don't get a good feeling about the firm, don't hire it. You're much better off either doing it yourself or looking for a different firm.

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