

Search engine marketing and why you can't have it all

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How often have you heard the sales manager screaming for more high quality leads, while in the background the financial manager is demanding cheaper leads and higher conversions?



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For digital marketers that have bravely ventured into the world of search engine marketing (SEM), it would appear that the greatest challenge of all is finding a balance between volume, cost and quality. Here's why...

The market size is only as big as it is

Most, if not all of big businesses in SA now have an online presence with multiple search engine strategies at play. This has led to a highly competitive online environment where each has to outbid or outsmart the other in order to be the first to respond to the customer's needs. Segmentation and targeting the right audience is key to success and each of these businesses understands exactly who their perfect customer is and where to find them.

Unfortunately, the market size of these perfect customers is limited and over time online competition for this perfect customer segment becomes fiercer and more expensive. In order to maintain any forecasted growth these companies are forced to find business in other online market segments outside of this highly competitive 'perfect fit' customer segment.

Volume comes with hidden costs

As marketers begin to open up their narrow segmentation strategies to a wider online audience their ability to effectively manage lead quality is compromised. New segments require much more focus and attention than the 'perfect fit' segment. The wider marketers cast their online net, the higher the lead volume and the lower the cost per lead.

At face value this appears to be great until the real cost to the business is reviewed; additional resources to manage the higher lead volumes and lower sales conversion rates. It may just be that the expensive 'perfect fit' leads were actually more profitable to begin with.

It's time to tell your bosses they can't have it all

...time to see your success they can have it all

The reality is that it's impossible to achieve high volume, low cost and great quality all at the same time. There will always be a trade-off.



Figure 1: Monkey's Model of Opposing SEM Forces

Monkey's Model of Opposing SEM forces illustrates the trade-off between cost, quality and volume objectives for search engine marketing. This model suggests that insisting on high quality and high volume at a low cost is unrealistic and that marketing managers have to choose one of these three objectives while carefully balancing the other two.

The online market of 'perfect fit' customers in any industry is not limitless. The role of marketing is to know which of these three objectives to prioritise and how much weighting to apply to each objective in order to sustain ROI objectives.

ABOUT THE AUTHOR

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