

## Performance marketing: the argument for outsourcing

By Jonathan Shapiro, Chief Executive Officer of MediaWhiz



Jonathan Shapiro: « in-house teams rarely have the time or resources to gain the real-world experience to benefit from emerging media »

CMOs are integrating online performance marketing, consumer data and analytics, lead generation and management, and performance measurement into their traditional marketing strategies. This move comes at an important time. In the coming year, 46 percent of marketers plan to invest in digital demand generation and online relationship building, while 62 percent pledge to be more diligent in studying customer data to enhance segmentation and targeting, according to the CMO Council's latest "State of Marketing Report." This underscores the current power and growth potential of online performance marketing.

Increasingly, organizations must be able to tap into emerging online performance marketing skill sets to drive growth. But there is a right way and a wrong way to develop these skills. The prerequisites to successfully integrating performance marketing include transformative thinking, managing the evolving online landscape, and continuous optimization. Outsourcing to experts has advantages. CMOs committed to leveraging online performance marketing should consider all three when deciding between an in-house or outsourced team.

For most organizations, performance marketing is new. Tackling transformational marketing projects without transforming your thinking will make desired outcomes difficult to realize. Outsourcing to a performance marketing team that has been where you want to go and accomplished what you hope to achieve will accelerate the evolution of your marketing strategy. An in-house digital marketing team must first learn new techniques before incorporating them successfully. Outsourcing to experienced practitioners will jumpstart the organizational thinking needed to deploy these new techniques productively.

The digital marketing landscape is evolving rapidly. New media types and techniques are continuously emerging. For example, did you have an "app" strategy 12 months ago? Anyone not constantly struggling with how to take advantage of these emerging performance marketing capabilities will quickly fall behind the experience curve. Unfortunately, in-house teams, working hard to deliver against existing programs, rarely have the time or resources to gain the necessary real-world experience to benefit from emerging media. Conversely, good outsourced performance marketing firms, working to solve multiple marketing challenges for a variety of clients, have a built-in learning lab enabling them to stay on top of the industry evolution.

Which brings me to the third consideration. Winning marketing groups implement strategies of continuous improvement, not a fix-it-once-and-hope-for-the-best approach. Online performance marketing agencies routinely handle hundreds of complex issues across multiple media types like social media, local search, exchange-based display advertising, affiliate networks, and email prospecting. Their day-to-day expertise strengthens with each problem fixed or opportunity seized. In performance-based marketing, to be the best,

you must constantly test and optimize. In the end, it is the range and volume of problems that outside firms see that gives them an advantage over in-house teams.

Let's say, for example, a regional furniture retailer with 25 locations was struggling with how to optimize its search marketing program. It had tried to "transform" its marketing by introducing a small search campaign but was unclear how much to invest in search versus traditional media. The company deployed a targeted PPC campaign but missed the opportunity to evolve the program and take advantage of placements in Google's local organic listings, the 10 Pack. And, it did not have the tools or experience to continuously test and optimize results. Despite these limitations, the client was generating a cost per sale below \$100 and was satisfied with the program. Its challenge, the company thought, was how to expand and improve its early results.

As part of the per-pitch diagnostic, an agency would compare the client's results with two similar clients -- say, a retailer with 1,400 stores nationwide and a services provider with 200 regional outlets. Leveraging this previous experience would uncover a number of opportunities to improve the furniture retailer's search (PPC, SEO, and local) program. In fewer than two months, the company's cost per sale could drop by as much as 40 percent. Moreover, with experienced hands guiding the program, the client could confidently increase its investment and drive sales up while maintaining improved profitability.

The best news is the above hypothetical example happened. Ongoing optimization efforts for a variety of clients provide outside agencies with the real-world, real-time experience they need to outperform in-house teams. Experience and expertise will always trump down-the-line potential. In-house marketing teams can hire specialists or send personnel for extensive training to develop innovative search and performance marketing strategies, which might have some effect. It's an uphill battle, though, for an internal team to get the right amount of practice and "game on the line" know-how to outperform a well-run multi-client agency. If a CMO wants to transform an organizations' marketing strategies, he or she should find a partner with a proven track record of driving consistent results.

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