



How to Sell Performance-Based Advertising

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Introduction

Today's B2B marketers are driven by forces that are dramatically changing their thinking. Budgets are shrinking, lead generation has become more important than brand building, and calculating a return on marketing investment is essential. As advertisers scan the horizon for strategies that can meet these challenges, performance marketing emerges as an attractive solution. This thriving channel to market is generating billions of sales dollars in the retail/consumer sector. Companies such as Expedia, Marriott, Home Depot, and Wal-Mart have discovered the power of performance marketing to extend their reach to buyers across thousands of Web sites, blogs, and portals. And the publishers that own these Internet properties are reaping the benefits.

Performance marketing is now emerging in the B2B market. It is an effective method for advertisers to leverage their marketing dollars with online publishers and only pay when a desired action is achieved. For publishers, it provides incremental revenue generation and Web site monetization that is complementary to their ad sales model. But performance-based advertising requires its own selling approach and strategy. Publishers and their sales teams must understand the nuances as they adopt this exciting new revenue opportunity.

What is performance marketing?

Performance marketing is an exciting new online advertising strategy that compensates publishers when they generate leads, clicks, or other actions of value for the client.

It is important to remember that in performance marketing, the advertising vehicles being sold are the same as your traditional products – banners ads, newsletter sponsorships, video downloads, white paper campaigns, text ads, etc. It is the compensation strategy that is different.

In the performance marketing model, Web publishers carry advertisers' ads and links on their Web sites. When a visitor clicks on the advertiser's links and registers on a landing page, a lead is created and the publisher receives compensation. In this model, the advertiser pays the Web publisher when the desired action is achieved, rather than paying a fee for space.

Since publishers now assume some of the risk for marketing performance, they control when, where, and how often the ads will be run. For this reason, performance-based advertising is an outstanding opportunity for publishers to monetize unsold space.

Performance marketing also is highly measurable. The infrastructure that tracks Web visitor behavior and records lead generation has exceptional analytical capabilities. Publishers have access to password-protected portals where they can monitor and track click-throughs, lead generation rates, and ad revenue across multiple campaigns and Web sites. This enables both publishers and advertisers to perform campaign optimization and ROI calculations. It also permits publishers to analyze advertiser performance in terms of revenues generated.

What is performance marketing's unique value proposition?

Performance marketing's unique value proposition is highly attractive to the advertiser since payment is not required until a desired action is achieved. Key sales points include:

- The advertiser only pays when value is generated
- The leads capture full prospect data (name, position, company, phone & email) and are available in real time
- A full report on impressions, click-through rates, lead generation, and campaign performance is provided.
- The publisher provides the Web landing page/registration forms
- Campaign start-up costs (ad creative) are the same as traditional Web advertising

The issue of ad performance is eliminated from the sales discussion, since the client is only paying when results are produced.



How is selling performance-based advertising different than what I do now?

In many ways, it will be the same. You still will sell on visitor demographics, Web site traffic, and audience reach. However, since the publisher is compensated for performance, it is essential that the advertiser's materials generate results. That means each ad must have an offer or incentive that will motivate reader response. Just as direct marketing uses an offer to stimulate the recipient, successful performance advertising requires an incentive to drive a response. In B2B markets, knowledge-based incentives such as white papers, management briefs, podcasts, and videos have been highly effective in capturing leads. For software providers, free trial offers also have proven valuable.

When selling performance-based advertising, the sales representative must become more of a lead generation consultant and collaborate with the client to identify potential offers and incentives that will achieve results.

Why is the incentive or offer important?

Historically, when the marketer's objective was lead generation, a strong offer or incentive was required to stimulate response. This principle is even more important in performance-based advertising, since the publisher is being compensated for results. A publisher should not engage in a performance-based campaign with an advertiser who does not have a meaningful offer or incentive.

What materials are required to start up a performance-based advertising campaign?

The client will need the same elements required for a traditional Web lead generation campaign:

- Ad creative – text or banner ads with a strong call to action or offer
- Offer or incentive – white paper, video downloads, free trial
- Landing page with registration form (if the program is pay-per-lead)

No special or additional materials are required for a performance-based advertising program.

How do I price performance-based advertising?

Performance-based advertising products command higher prices, since the publisher holds some of the risk. As a rule of thumb, start with the pricing for your present lead generation products and then add 25% to 35%. For example, if your e-newsletter sponsorship is averaging 25 leads at a price of \$1,500 (\$60 per lead), a performance-based offering should be priced at about \$90 per lead. For other pay-per-action offerings, divide your present ad rate into the number of click-throughs or actions, and then add 25% to 35% or more if appropriate.

Clients understand that if they are engaging with you on a performance basis, prices will be higher. Performance-based ad rates are negotiable, just like your present ad rates. The LinkShadow™ infrastructure enables pricing by campaign and client. Remember that since you control the placement and frequency of the ads, you can give more exposure to the ones that are generating the most revenue.



What types of advertisers should I pursue for a performance-based advertising campaign?

There are several types of prospects that are ideal targets for performance-based advertising:

- Any advertiser interested in lead generation
- Non-advertisers who want to conduct lead generation campaigns but have not engaged in Web advertising because they do not believe it performs well
- Small to mid-size businesses that desire lead generation programs but only want to pay for results
- Large web advertisers that presently are not buying your products
- Any advertiser interested in a measurable return (ROI) on their Web advertising investment

When do I sell performance-based advertising versus my traditional ad products?

Performance-based advertising is not competitive with your traditional products, it is highly complementary. Performance-based products should be offered to clients looking for lead generation who are not interested in traditionally priced Web advertising. It also should be presented to those looking for lower cost alternatives or pay-as-you-go programs.

What if the client doesn't have an incentive or offer?

If the client doesn't believe they have a viable incentive or offer for performance-based advertising, review their Web site and collateral for white papers, case studies, application briefs, videos, free trials, and other content that might serve this purpose. If nothing is available, most agencies can create a 1,500-word white paper or management brief at a very reasonable cost (\$1,500 to \$3,000). This paper should discuss a significant pain point for the customer that the advertiser's product or service can solve.

If the advertiser does not want to develop an offer of incentive for the campaign, then do not sell them performance-based products.

What if the advertiser doesn't have a landing/registration page for their ad?

It is very easy to set up a landing/registration page in TW Solutions' LinkShadow infrastructure. This page can be branded with advertiser's identity and can be made to look seamless with the advertiser's Web site. It also can be programmed with links to the advertiser's Web site as well.

What if the advertiser wants to purchase a specific space or frequency?

Performance-based advertising has the capability to be sold with a specific space or frequency request. However, the publisher must decide if there is a business interest to do so. If the decision is yes, then the pricing should be increased to reflect the added value provided to the advertiser.

What if the advertiser has poor quality or ineffective advertising?

Poor quality advertising is an issue for performance-based products, since the publisher is being compensated for results. Because this advertising is aimed at lead generation or another desired action, sales representatives must be diligent in ensuring that the materials are high enough quality and value to produce results.

As part of the performance-based advertising consult, the sales representative has the power to discuss the quality of the materials with the client and make suggestions as to improvements.

What types of ads lend themselves to a performance-based campaign?

Performance-based advertising is best suited to lead generation or pay-per-action campaigns (pay-per-click, pay-per-lead, pay-per-download, etc.). Virtually anything on a Web site that involves visitor interaction can be sold on a performance basis. Some examples include:

- Banner ads
- Text ads
- Text links
- Software downloads
- Enewsletter sponsorships
- Webinar registrations
- White paper downloads
- Surveys

How does the publisher track the click-throughs and leads among the various clients' campaigns?

The LinkShadow infrastructure used by the publisher incorporates the functionality to track the lead or visitor action from the first ad click-through to the landing page registration form to a lead database. This is accomplished with first-party cookies or pixel tracking. It also provides the publisher with an online portal to view the actions and leads by campaign and by advertiser in real time. The results can be reported to the client on a daily, weekly, or monthly basis.



About TW Solutions

TW Solutions develops hosted marketing solutions for B2B advertisers and publishers. It is a division of Tiziani Whitmyre, Inc., a leading marketing services firm that provides advertising, public relations, and Internet marketing services to technology, life sciences, and industrial companies. Founded in 1991, Tiziani Whitmyre is based in Sharon, Mass.

2 Commercial Street
Sharon, MA 02067
781-793-9389

www.tw-solutions.net

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