How Performance Marketing Accelerates B-to-B Prospecting

By Ruth P. Stevens

Every time you turn around, a new "performance marketing" opportunity turns up for B-to-B marketers. What a treasure trove! And on the face of it, a real boon, because you only pay when your prospect takes the action you're looking for—the click, the download, the purchase, whatever. But there are some potholes to consider. Let's look at how marketers get value out of this approach to finding new customers.

To back up, what is this performance marketing thing, anyway? It generally means that the media channel owner conducts a campaign, and charges the marketer an agreed price for every respondent, according to predetermined criteria. There are scads of ways performance marketing is being applied across the B-to-B go-to-market spectrum. So far, this is what I know:

- **Pay per click.** The grand-daddy of performance marketing, the system that sent Google's fortunes into the stratosphere. You only pay when a prospect clicks on your selected keyword(s). The secret to success here is choosing the right keywords and sending the clicker to a brilliantly written landing page, where you have a prayer of converting them from a mere clicker to something else, like a prospect with whom you can continue a conversation. Some banner advertising and email rental lists are sold this way, as well.
- **Pay per lead.** This highly popular technique was pioneered by trade publishers looking for ways to extend the value of their customer access. Ziff Davis and TechTarget are leaders in the tech industry world, using "content syndication," distributing marketers' white papers and research reports, and charging by response. MadisonLogic offers pay per lead programs via banner ads to a network of 300 publishers, with particular strength in the HR and technology sectors. Another player is True Influence, which uses email to its own compiled database of business buyers.
- **Pay per appointment.** Hiring a telemarketing shop to conduct appointment-setting programs for sales reps is a long-time staple of the B-to-B marketing toolkit, and often priced by the appointment. Myriad call centers offer this kind of pricing.

- **Pay per PR placement.** Several PR agencies have taken the big step of pricing their services on a pay-for-placement basis. Amid much hand-wringing among PR professionals, the model's strong appeal to marketers is likely to mean continued experimentation.

Is the next logical step some kind of pay-for-performance results guarantee from creative agencies? I doubt it. I posed that question recently to Warren Hunter, Chairman of DMW Direct, who said firmly, "No way." Since they are a direct marketing agency and thus used to delivering highly measurable results, I thought there might be a shot. But here's how Warren explained his position. "If you give me control of the creative and the media, sure. Without that, there are too many variables that impact the results."

The newest entrant in performance marketing is the daily deal business, pioneered by Groupon and Living Social. You might call this "pay per new customer." In the B-to-B space, some experiments are underway like BizyDeal and RapidBuyr, but they don't appear to have really taken off yet. Except for very small business, this is not how businesses buy.

My net takeaway on this subject is the old adage that you get what you pay for. When you think about it, the performance model has an inherent bias against quality. So marketers need to do the math. Avoid this model unless you have good data on conversion rates—conversion to qualified lead, and then conversion to a sale. With that data in hand, you can determine a profitable price and buy leads and appointments till the cows come home.

Based on my experience using "PI" (Per Inquiry) deals with cable TV operators years ago, I know that the "pay per" model works best if both sides have a track record with that offer in that medium. The media owner knows what kind of response he's going to get, and the marketer knows the lifetime value of the new customer. So one way to increase the likelihood of success is to run a campaign using traditional pricing and then convert to performance-based pricing after generating some experience.

Where is performance marketing in B-to-B headed? Eric Matlick, founder of MadisonLogic, shared a few observations with me recently:

- Marketers will get savvier about recognizing the importance of nurturing these contacts and converting them to eventual revenue. The new trend is assigning separate budgets, one devoted to generating "net new" leads and another to nurturing them to the right level of qualification.
- Suppliers of leads should begin to offer account-level services. Most marketers need to reach multiple contacts in a target account, to influence the various buying roles.

I would add my own prediction: The sky's the limit for creative ways vendors can craft new performance-based marketing programs. Marketers have plenty to look forward to.

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