

Performance Marketing

January 2009 Newsletter



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The New Advertising Standard

As the world's economy is facing a monumental crisis that wiped out \$7 trillion of wealth in 2008, cash is more than ever the ultimate measure of a company's ability to survive and expand. In this new environment, marketers are under tremendous pressure to deliver more results with less marketing dollars and a better ROI. Spending an advertising budget is no longer what is requested from Chief Marketing Officers. They must turn to performance marketing in order to demonstrate accountability. Performance marketing is becoming the new standard in the advertising world and you will be hearing more of it in the next several months.

Feedback

Have a topic you'd like to see discussed? We're always interested in knowing what

Dear Reader,

Welcome to Performance Marketing, the monthly newsletter for online marketers looking for results.

In each issue we keep you up-to-date on important trends and tactics to help you get the most from your online advertising dollars. From social networking to search engine marketing to mobile to email, we'll explain the dizzying variety of options to help you acquire new customers and increase your online revenues, while always being able to measure the impact of the money spent. Happy New Year!

All the Best,
Daniel Laury
Founder, President and CEO,
LSF Interactive

Feature Article: Growth in a Downturn

For nearly a decade now, I have seen countless companies engage in online marketing. And from that experience, I'm convinced that waiting for the larger economic picture to improve is not going to make the path ahead any easier.



Launching targeted and cost-effective campaigns could mean the difference between success and failure during the downturn. If you can grow, even in these times, you will emerge on the other side of the economic crisis ahead of the competition. And to achieve this growth now, more than ever, many marketers are turning to a model called performance marketing.

Payment for Results

Performance marketing is the fastest growing segment of Internet

readers of *Performance Marketing Newsletter* would like read about. Just drop send an email to dlaury@lsf-corp.com

How to Get Started

1. Choose a performance marketing partner to design and implement the campaign.
 2. Define or create the lead generation or conversion activities of the campaign.
 3. Assign a value to each conversion event, lead or sale.
 4. Track the activities each visitor completes once they arrive at your website.
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Contact Us

If you'd like to find out more about performance marketing, call 1.877.616.8226 (U.S.) or +33.1.5805.1158 (Europe).

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marketing. The term refers to advertising options in which marketers pay their agency for the results that are delivered and not for a budget that is being spent. Simply, agencies that offer performance marketing only get paid when they produce results. According to the Interactive Advertising Bureau, performance marketing is now more desirable ever.

It is a beneficial model for online marketers, whether you are promoting your product or service through email marketing, search engine marketing, display advertising, social networks, mobile or affiliate networks. In this model, agencies drive traffic to their clients' sites, help them convert the traffic into qualified leads or actual transactions and are paid only for the results, which can include qualified leads, referrals or sales.

Performance marketing can be an extremely powerful and influential tool when it is strategically designed for your business. Many companies favor performance marketing because they do not incur a marketing expense unless results are achieved. In most cases, when it relates to an e-commerce website, performance marketing is a form of advertising that is cash-flow positive.

A Different Model

This pay-per-action model is distinct from traditional advertising approaches in that consumers must make a purchase or create a lead rather than just view a page or click for the advertiser to spend.

Unlike traditional advertising where companies pay on an impression (CPM) or click (pay-per-click) basis, performance-marketing agencies are only paid for leads generated and transactions completed. In the traditional scenario, the advertiser must pay in advance for the creative work and media buys regardless of the ROI of the campaign.

In the new model, the burden is on the agency to create a performing ad campaign that converts into good leads or customers if the agency wants to receive payments from its client. The agency will invest its own resources into the campaign, thereby taking a great portion of the advertising risk on behalf of its clients. In contrast with traditional advertising pricing models, the advertiser pays the agency only after having collected the revenues from its customers' purchase orders and not before.

Performance marketing should not to be confused with pay per click (or PPC), the paid search pricing model in which the advertiser pays when an Internet user clicks on its ad and visits its site. The media buying cost of performance marketing is risk-free to an advertiser. In a paid search campaign the advertiser takes the risk of the conversion rate between a click, a visit and an actual lead or sale.

Interactive.

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About Daniel Laury

As founder, president and CEO of the LSF Network Group, of which LSF Interactive is a Division, Daniel brings global financial experience, technical qualifications and entrepreneurial drive to online marketing. Daniel is a co-founder of LuckySurf.com, a former multimillion-dollar division of the LSF Network Group. Prior to his success in this industry, Daniel served as a Naval Officer in the French Navy, as a member of the Investment Committee of Dassault Development, a prominent European VC, and as CEO of Probag SA, an airport equipment manufacturing and service company. He holds a law degree and has earned an MBA from ESSEC, a leading French Business School. Whenever possible, Daniel sails the cold waters of San Francisco Bay or works out on his mountain bike.

About LSF Interactive

[LSF Interactive](#) is a full service global interactive marketing agency that leverages all Internet channels, including Search Engine Marketing, Search Engine Optimization, Social Media, Display, Email and Affiliate program management, and focuses on conversions, to help companies acquire new

High Quality Traffic

Because performance marketers are only paid for completed transactions, these agencies focus on driving high quality traffic through strategically designed campaigns that fit your target audience. Quality is guaranteed by construction of the model. Traffic is driven from many sources including search engine optimization, paid search, social networks, email marketing, and the ever-evolving variety of online channels.

Meet Online Objectives

The lead generation activities or transaction objectives you select should be consistent with your company's strategic goals. If the primary objective for instance is to drive consumers to trial a product, then the activities could focus on the incentive that you will offer to your consumers. An important step in choosing the activities is to first make sure they can be tracked accurately.

Once you have identified all the activities you want to track, determine the value of each lead or sale. For example if your product or service retails for an average order value (AOV) of \$100, you may want to assign a value of \$40 to \$50 per order. Cost per lead or cost per order will depend on your strategic objectives. If your company is trying to aggressively gain market share, you may want to assign greater value to each transaction than if the product is more mature and your company is trying to improve its profit margins.

Partner Wisely

Choosing a knowledgeable and nimble performance-marketing agency is vital. This agency will be your partner, supporting your business objectives and growth. An experienced agency will create effective advertising campaigns and promotions to convert the maximum number of new leads or customers, ensuring your success during tough times. Your performance marketing agency should be considered a long-term partner.

If you can delegate enough of your online campaigns to your performance marketing agency, which acts like an extension of your own online marketing department, this will free up some precious time for you to come up with the right product offers that your online consumers are looking for. Crafting attractive product offers in your competitive environment is one of the most important factors of success in online marketing and will be the topic of a future issue of this newsletter.

Performance Marketing Profile

customers, qualified leads or traffic and increase their online revenues. The company employs 90 people worldwide, is headquartered in San Francisco, CA, and has offices in Boston, MA, Paris, France, and Hyderabad, India.

Campaign: Public Service Video Ad Promotion

Title: Obama or McCain - Why You Should Vote

PSA: The video attempts to inspire young voters with an apocalyptic tale of the consequences of not voting. An elderly woman sits alone in a dilapidated building. As she speaks, she ages in reverse until she's the age of the millennials the ad is targeting. The ad ends with an apocalyptic flash of light and the words, "Speak with your vote or your silence will be heard for generations."

LSF Interactive Client: HoomanTV (Hooman Khalili), CBS Radio Alice 97.3 San Francisco DJ.

Goal: To inspire U.S. youth ages 18 + to vote in the 2008 Election

Objectives: 3,200,000 views and 3,000 comments by November 4, 2008

Timeframe: 28 days

Strategy: LSF leveraged key social media sites to create awareness and buzz. The agency formed groups on Facebook, promoted the video on YouTube, featured the video's creator on LinkedIn and got coverage in online publications like BzzAgent, CNET, and HuffingtonPost.

Results: Exceeded Goal Numbers. More than 5,000,000 views, 3,741 ratings and 3,600 comments. Awarded YouTube #33 Most Responded (this Month) - News & Politics and #36 Most Viewed (All Time) - News & Politics.

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