

# revel one

marketing consulting & recruiting



## Performance Marketing Playbook

## Who is RevelOne?

RevelOne is a boutique marketing and recruiting firm that helps companies realize their promise. We develop your marketing strategy and equip you with the executional capabilities and foundation required for long term success. Our team has led marketing at startups and large companies, enabling us to bring deep experience across all channels.

Our practice areas include marketing strategy, performance marketing, brand, and recruiting.

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# Performance Marketing Manual

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## Marketing Strategy Overview

### → High Level Questions

The high level questions a marketing leader needs to address are:

- **Brand** - Who are my target customers, what are their needs, how does my product uniquely address their needs, and how do I message this to them?
- **Acquisition** - Which channels and approaches will be most effective in acquiring new customers?
- **Engagement** - How do I increase the Lifetime Value ("LTV") of existing users and manage churn?
- **Measurement** - What operating and channel metrics should we focus on?
- **Infrastructure** - What resources do we need to accomplish all of this (people, tools, analytics, etc.)?

### → Marketing Framework

To answer these questions and develop a framework for your overall marketing strategy, you first need to understand the characteristics of your business across a few key dimensions:

- Marketing Math - key metrics that drive your marketing plan
  - Contribution Margin
    - Sales Revenue – Variable Cost of Sales
    - Variable costs include selling, administrative and any operational costs associated with serving the customer.
  - Customer Acquisition Cost
    - *Full* cost of acquiring users, stated on a per user basis
    - Calculated using a strictly "paid" approach (marketing budget divided by users acquired through "paid" marketing) and a "blended" approach (includes users acquired via paid and organic channels).
  - Customer Lifetime Value
    - Average 12 month Customer Lifetime Value

- Value = Contribution Margin (Revenue from customers minus variable costs associated with a customer).
- Variable costs include selling, administrative and any operational costs associated with serving the customer.
- Return On Advertising Spend
  - Time it takes to get a full payback on every marketing dollar spent
  - Payback is when margin equals revenue
- Customer Activity and Churn Rates
  - Customer Engagement = % of customers active in a given month (or might extend to 3 to 6 month window depending on the nature of the business model)
  - Customer Churn = % of customers inactive for tbd # of months (3 to 12 months depending on the nature of the business model)

*For details on similar metrics, see blog posts by a16z General Partner, Jeff Jordan: <http://a16z.com/2015/08/21/16-metrics/> <http://a16z.com/2015/09/23/16-more-metrics/>*

- Customer Lifecycle - where to focus within the customer lifecycle
  - The "Triple A's" framework is simple, effective and will provide clarity:
    - A1 = Acquisition (acquired/engaged but have not made a purchase);
    - A2 = Activation (drive a purchase / conversion);
    - A3 = Activity (drive repeat purchases by active/retained customers).
  - **Early Stage Companies** - Most anchor on acquisition and activation.
  - **Mid Stage Companies** - Need to be mindful of when to shift focus to driving increased activity, and ensuring healthy retention rates to avoid high customer churn rates
  - **Maturing Companies** - Over time, the entire company should anchor on where to focus within the AAA targets, as it is a great way to drive alignment across the company. (Example = eBay)

- Purchase Consideration - how customers think about buying your product
  - Is your product or service offering an impulse or a highly considered purchase decision?
    - Impulse (app download, entertainment, everyday consumer products).
    - High consideration (vehicles, real estate).
  - Is your product or service offering a "directed" or "serendipitous" purchase decision?
    - Directed: I know what I want (Amazon).
    - Serendipitous: I don't know what I want and need to be educated/surprised/delighted (One Kings Lane).
  - What kind of purchase cycle is your product or service?
    - Continuous: Products that require renewal or updates (software, Netflix, Box).
    - Episodic: Products that are not repeated with frequency (cars, couches).
  - Who is your core consumer?
    - Category/product enthusiast: The product is a hobby and the customer has some level of expertise (high end cameras).
    - Mainstream consumer: Not as invested in the purchase decision or highly educated on subject matter (underwear, printer cartridges).

## Performance Marketing Overview

### → What is Performance Marketing

- **Intent** - When the intention is to drive an action, as opposed to driving awareness.
- **Measurement** - When the cause and effect between the marketing initiative and the consumer/user can be measured.
- **Real-time** - The marketer can optimize their marketing activities in real-time or near real-time based on measurement.
- **Payment/User Action** - In many cases, payment is made based on consumer/user action (performance based).

- **Optimization** - Most importantly, the performance is being optimized, and new opportunities are constantly being tested and developed.

→ High Level Operating Mindset

- **Scale and Efficiency** - Initially, this might not matter, but over time, the marketing function needs to anchor on tactics that scale with the business model. This does not mean ignoring channels that deliver positive economics with limited scale, but be careful not to over-resource these areas.
- **Channel Diversity** - Find multiple "winning" channels to diversify business risk. This means identifying at least 2-3 performance marketing channels that deliver meaningful, predictable traffic and revenue (don't let your business be dependent on a single channel).
- **Test, Learn, Iterate Mindset** - Ensure that all members of the marketing organization are deeply rooted in an "agile" operating mindset. This mindset is grounded in continuous testing, learning and iteration, and comfortable with failure as a vehicle to inform future success. Avoid a "shotgun" approach since discipline and perseverance are required to truly understand if a channel works or not (very few channels are ROI positive at start). To combat this, try 1-2 new channels at a time and iterate 5-10 times before deciding if it works (Iteration examples: refine targeting approach, refine creative, refine site landing experience).
- **Trading Floor Mindset** - Once you find success in multiple channels:
  - Aggressively shift spend across channels on a daily (even hourly) basis to support the best performing channel.
  - All team members must be committed to testing, and non-stop optimization of their owned channel.
- **New Channel Understanding** - For most early stage companies, the vast majority of the focus/resourcing needs to go to established channels that are a good fit for the business, but:
  - It is important for marketers to be well versed on emerging channels since opportunities exist to get superior results with early adoption.
  - It is also important to know when an emerging channel has reached a point where the timing is right for aggressive exploration/testing.
  - There are no exact answers here, but the areas to think about are:
    - *Business Model Fit* - do you have sufficient margin for this channel and are your customers likely to look for you there

- *Scale* - has the channel reached the point where it can contribute meaningful revenue (at least 10% of overall marketing contribution)
- *Efficiency* - can the channel deliver efficiencies that are at least in the range of how other established channels are performing); and
- *Ease of Operations* - are the tools in place that enable marketers to operate in the channel in manner that is not overly burdensome.

## → Foundational Requirements

What needs to be in place before you significantly scale performance marketing?

- **Product/Market Fit** - Confidence that if the marketer can reach the right customer with the right message, they will convert.
- **Economics** - Solid business model with enough product margin/LTV ("Lifetime Value") math to justify the Customer Acquisition Cost ("CAC").
- **Basic Analytics Infrastructure** - Ability to track all Performance Marketing investments:
  - Web analytics
  - Email analytics
  - Partner/Channel metrics
  - A/B Testing capabilities
  - Mobile/App analytics
- **Attribution Methodology**
  - What is revenue attribution?
    - Revenue attribution is the process of matching customer sales to specific performance marketing interactions in order to understand where revenue is coming from and optimize how advertising budgets are spent in the future.
  - Why is revenue attribution important?
    - It becomes more important to understand interaction as you add channels. Without attribution, you won't know if the new ones are working (e.g., supporting SEM with retargeting).
    - It is critical to pick one that aligns with basic customer behavior (particularly for high consideration purchases).

- It is important to understand limitations and biases of whatever you choose (and make sure management is aligned).
- How does it work?
 

There are numerous attribution models. The difference between these models is which click receives credit for the conversion and how much weight is assigned to that click.

  - **Last Click**
    - Final click receives full conversion credit.
    - This is the Google Analytics default (and, consequently, the most common).
    - Appropriate for low consideration purchases.
  - **First Click**
    - The first click receives full conversion credit.
    - Appropriate for high consideration products/lead gen where the first click signals the start of the discovery/nurture process.
  - **U-shaped**
    - More weight is given to the first and last click while the clicks between receive credit but not as much as the bookends.
  - **Sophisticated/Multi-touch**
    - All touch points are aggregated and assessed and through complex math, partial credit is given to each touchpoint.
      - There are multiple technologies and platforms for this, but no one silver bullet.
      - The higher the consideration, the more value to multi-touch.
- Internal Alignment on Test Plan
  - Budgets need to be in place to test channels and better understand scale and efficiency.
    - **Facebook and Instagram:** By far the most effective to test (can get an effective test with a \$10k budget over a 3 month window).
    - **Google SEM:** Much more challenging to test given how established the channel is. It is incredibly competitive in most categories (need to be prepared to spend a minimum of \$30k to get a solid signal over a 3 month window).

- **YouTube:** Much more challenging to test given how established the channel is. It is incredibly competitive in most categories.
- **Performance Focused TV and Radio:** By far the most challenging area to test cost effectively (need to be prepared to spend in the range of \$250k to \$500k over 4 to 6 month window to assess TV).
- Time to achieve ROI positive economics
- Critical investor metrics (e.g., with \$2mm in the bank, need to secure our next round in 10 months by showing traction in X); and
- KPIs
  - Customer Lifetime Value (LTV)
  - Cost Per acquired Customer (CAC)
  - Return on Advertising Spend (ROAS)
  - Percent of revenue spent on marketing

## Prioritizing Performance Marketing Channels

### → The Importance of Prioritizing Performance Channels

- Vast number of channels & opportunities exist
- For virtually every one, the level of effort to stand up is non-trivial
- Overnight successes are rare
- More common will be early signs of promise with significant iteration and optimization still needed to get to ROI-positive
- Even after getting to ROI-positive, most channels will need some degree of on-going optimization and care & feeding

### → Operating Mindset

- Mindset should be similar to creating a product roadmap. Three key inputs to creating a performance marketing roadmap are:
  - Level of effort
  - Expected impact
  - Availability of needed resources
- A critical difference between launching a site and launching channels is channel maintenance. Unlike a website launch, few channels are "set it and forget it" and most require ongoing attention and optimization.

## → Approach

- Look for *quick wins*: channels with the lowest Level of Effort (“LOE”) and financial risk, but at least moderate impact. For instance, affiliates and incentivized referral programs have the following characteristics:
  - Tech infrastructure, as well as on-going management, can be outsourced.
  - Some exec/senior attention needed to launch but overall LOE is relatively low.
  - Impact will be moderate/non-game-changing. At full maturity, best case is likely mid to high single digit percentage of revenue.
  - Often worth doing but keep expectations low and consider opportunity cost.
- Focus on the *big channels*: Established channels with significant volume can return results and patterns quickly. For instance, Search Marketing (SEO, Paid Search & Paid Social)
  - Google and Facebook account for ~80% of online ad spend.
  - Few online businesses are built that don't tap into at least one of these platforms.
  - Each offers advantages and disadvantages and almost always entail extreme focus to be successful.
- Strategically select - and then ruthlessly prioritize - from smaller channels
  - Email and retargeting are commonly on the top of the list
  - Non-Facebook social (Twitter, Pinterest, Snapchat, etc) is another big bucket
  - Additional short-list candidates include:
    - Performance content distribution (e.g. Outbrain, Taboola, etc)
    - Non-retargeting display ads
    - Gmail sponsored ads
  - Offline Channels like Television, Radio and Direct Marketing (snail mail) where some degree of Performance Marketing principles can be applied

## Performance Marketing Frameworks

### → #1: Channel Characteristics

- Like a product roadmap, most important inputs for a performance marketing roadmap are:
  - Scale / size of channel (most critical)
    - Launching virtually any channel requires a minimum level of effort that's significant / more than you anticipate
    - Referral programs and affiliate programs can sometimes be the exception
    - Ultimately, search marketing or Facebook - simply because they're so dominant - will typically be the highest priority for most businesses
  - Level-of-effort
  - Best guess probability of working
  - Resource availability

### → #2: Business Model Alignment

Channel prioritization often varies by business model. Below is an overview of those dimensions:

- High consideration vs. low consideration
  - Examples
    - Low consideration: LovePop cards, Hint Water, apparel
    - High consideration: Most B2B, Furniture
  - Implications: Generally easier to make performance marketing work for low consideration
    - Last click attribution is typically adequate
    - As long as price point is reasonable and value prop compelling, buyers don't need to be "in-market" per se and that opens up many channels
    - The higher the consideration, the more likely it is that it's a multi-step path to conversation / lead generation
    - In flash commerce, path to conversion is email capture followed by highly compelling email
    - B2B marketing has a few of its own dynamics:

- For many B2B's, performance marketing is used to capture a lead and then a series of both low-touch and high-touch lead nurture programs move the buyer towards either a purchase or engagement with a salesperson
  - The tactics for marketing SMB products and low price point B2B SaaS products have become increasingly similar to B2C approaches
- Is your product / offering a dramatic improvement of an existing solution or a conceptually new solution / a brand new category?
  - Examples:
    - Dramatically better / different offerings: Uber, On-demand car repair, Peer-to-peer car sharing / rental, Duolingo
    - Conceptually new solution: MileIQ, Online interior design, Optimizely, Grammarly
    - Brand new category: Fitbit, Clear (airport security)
  - Implications
    - If your offering is something conceptually new or a brand new category; for the latter, search marketing is unlikely to be a meaningful channel
    - Instead, channels where users can discover and learn about your offering will be more important -- particularly Facebook
- Long-tail / very broad offering vs narrow / focused offering
  - Examples
    - Long tail: Peer-to-peer carsharing, on-demand car repair, Etsy
    - Narrow / focused; MileIQ
  - Implications
    - Search marketing is typically the most important channel for businesses with a long-tail offering
    - Search marketing can also work for more narrow businesses but unlikely to be as important and also likely highly competitive
- Planned / Needed / Not Discretionary vs Serendipitous / Unplanned
  - Examples
    - Planned / Needed: On-demand repair services, razor subscriptions
    - Serendipitous / Unplanned: Flash commerce, home beverage delivery

- Implications
  - Search marketing unlikely to work for serendipitous purchases
  - However, it can work for lead generation that's a precursor to serendipitous purchases
- High LTV / margin vs. low LTV / margin
  - Examples:
    - High LTV examples: Many subscription and high / reliable repeat businesses
    - Low margin / low LTV: Etsy, Thumbtack
  - Implications
    - Many / most paid performance marketing channels will be challenging to show ROI
    - SEO is often the cornerstone performance marketing channels of these business
    - Organic social and niche marketing from marketplace participants can sometimes work

## Channel Overview

Referral Channels: Affiliates and Incentivized Referral Programs are typically lower effort to set-up and manage and lower financial / cash risk, but typically lower impact

### → Affiliate

- **Summary** - Well-suited for high margin products and e-commerce businesses that can benefit from an army of third party marketers pitching your product.
- **Channel Dynamics** - Tension between "productive" affiliates that appear effective, but are in fact delivering little incremental value and may be harmful to your brand. Examples:
  - Coupon sites in general
  - SlickDeals and Zappos
- **Fit** - Ecommerce, categories with lots of category-specific blogs and content sites

- **Advantages**
  - ✓ Relatively easy to stand up, but it takes time to get going if you want quality. Similar to BD, you likely will not see significant impact for at least 6 months.
  - ✓ Access to an army of entrepreneurs marketing your business.
  - ✓ Learn from 3rd party efforts and replicate internally what works.
  - ✓ Usually positive ROI from the start since performance based and company sets the CPA so no surprises.
  - ✓ Can create significant brand halo effect if content is leveraged - combines performance marketing with PR, influencer, etc.
  - ✓ Available technologies allow you to vary what you promote to partners based on an array of factors: quality, new vs. returning, full price vs. coupon, order value, type of affiliate, etc.
  - ✓ When done right, programs often mature into one of the lowest CPA acquisition channels.
- **Disadvantages**
  - ✗ Requires strong margins to share with partners.
  - ✗ Networks and affiliates vary greatly in quality. Be wary of shady affiliate gaming where paying for low quality customers is common. Requires constant policing of your brand.
  - ✗ Need to "sell" your offer to affiliates so they pick it up.
  - ✗ Affiliates optimize for short term revenue. Be careful how you structure the deals (especially the action that triggers a payout).
  - ✗ This channel carries risk since you are licensing your brand to a lot of partners. If you don't pay attention, you can get burned.
- **Trends**
  - ★ The affiliate supply chain is becoming more specialized, especially as management tools can be separate from the distribution network.
  - ★ Technologies and management services are bifurcating, and smart brands are moving away from "one stop shopping." This makes things more complicated, but leads to better results.

- ★ Mid- and long-tail influencers are moving into affiliate programs, as are magazines, media companies, organizations like AARP, etc.
- ★ Technologies like "Skimlinks" are automating the creation of any and all links into affiliate links, including links that are typically thought of as "earned media."
- **Best Practices**
  - ✓ High quality affiliate management firms like Acceleration Partners now protect your brand, reduce/eliminate gaming and execute affiliate recruitment on your behalf.
  - ✓ Work only with transparent networks that provide full visibility into the affiliates and metrics (e.g. Commission Junction and ShareASale).
  - ✓ The best programs will require internal resourcing and support. This does not require a FTE, but does need to be monitored. When programs are outsourced and left on an island they can lose connection to the brand.
  - ✓ You should leverage the affiliate channel after you have a good idea of what creative (and messaging) works or does not work.
  - ✓ Robust and successful affiliate programs typically get 5-10% of total revenue or acquisition within 6-12 months.
- **Channel Metrics**
  - ✓ Revenue per affiliate
  - ✓ Affiliate concentration percentage
  - ✓ Return On Ad Spend
  - ✓ Return on full investment in program

## → Refer-A-Friend

- **Summary** - Great source of leads from your best ambassadors and advocates: existing customers.
- **Channel Dynamics** - Tension between driving impact from the program via highly visible CTAs on the site and cluttering the overall site experience.
- **Fit** - Typically consumer products and services that users love and lend themselves to sharing.

- **Advantages**
  - ✓ Easy to setup via existing platforms such as FriendBuy, Extole, Social Annex, Talkable, etc.
  - ✓ Referrals from friends are trusted and convert well.
  - ✓ Often delivers the highest LTV of any marketing channel, particularly in the early years.
  - ✓ Effective programs can scale quickly.
- **Disadvantages**
  - ✗ Need an installed, passionate user base.
  - ✗ More complex sharing mechanics and rewards require product and/or development support.
  - ✗ Not all products are "sexy/sharable" (enterprise, consumer utility products).
  - ✗ Performance slows dramatically after a few years (early, very committed customers have no one left to share with, and newer, less invested customers are far less likely to share).
  - ✗ Fraud/misuse/abuse is common. (Fraud management is one of the main benefits of 3rd party platforms).
- **Trends**
  - ★ This channel has become popular, but consumers are wary of high dollar offers from companies where they have little loyalty.
  - ★ Companies increasingly focus on product virality, which is free.
- **Best Practices**
  - ✓ Check social channels for early interest in your product.
  - ✓ Identify your best customers and see if they will share it for free or little reward.
- **Channel Metrics**
  - ✓ Number of users who share
  - ✓ Conversion rates
  - ✓ LTV for new users
  - ✓ Total shares
- **Directed High-Intent Channels: Paid Search and SEO**
  - **Overview**
    - Relatively mature marketing channels (almost 2 decades old) that are intensely competitive but scale immensely.
    - Google is dominant force in US and western Europe.

- Google alone serves as a heightened microcosm of the competitive dynamics in your space
- Suited when your offering addresses a want or need that the consumer knows they have.
- SEO/PPC are less effective for discovery of new services, products and concepts (e.g. few people will discover a service like MileIQ for the first time via search).

## → Paid Search

- **Summary** - Enormous scale and measurability for products and services people know about and are searching for.
- **Channel Dynamics**
  - Balance between complexity and intense competition on one hand and massive scale and high conversion rates on the other.
  - Google rewards relevancy and high-quality experiences (and penalizes the absence of these).
- **Fit**
  - Known product/category (directed search).
  - Works for head term focused businesses (selling branded products) and long-tail businesses (searches string together multiple keywords). Example: Zappos exists to "harvest the intent" that branded manufacturers generate.
  - Much more scale when product margin is substantial.
- **Advantages**
  - ✓ Massive scale.
  - ✓ Unmatched for capturing specific intent at bottom of the funnel.
  - ✓ Usually steady flow of interest ("fishing in a stream" vs. "fishing in a pond" where demand gets exhausted).
  - ✓ Well-suited for testing messaging and landing experiences.
  - ✓ Mature ecosystem (tools, platforms, vendors).
  - ✓ Continued innovation on ad products from Google.
- **Disadvantages**
  - ✗ Expensive and competitive. There needs to be room in the market for the product and the product should be known.

- ✘ Difficult to target specific demographics and sub-segments of the market:
  - Example: One Kings Lane could not bid on generic terms like "coffee table" that weren't specific to their target audience, but could bid on "cashmere throws."
  - Landscape changes frequently (typically to benefit Google).
  - Google has started surfacing their own content (e.g. travel aggregator).
  - User transition to mobile means fewer immediate purchases as SEM is typically not great for app installs.
- Trends
  - ★ Google continues to favor paid over SEO.
  - ★ Google continues to shift to mobile.
  - ★ Google has a virtual monopoly (Google has 64%, Bing 21%, other engines make up remaining 15%).
  - ★ Structurally designed to increase competition and drive up Cost Per Clicks ("CPCs").
- Best Practices
  - ✓ Know and maintain your quality score: match between search term, copy and landing page (landing pages should also be relevant and load in a timely manner).
  - ✓ "Sculpt" your campaign: know searches well, develop negative keyword lists to limit non-relevant clicks.
  - ✓ Pay close attention to bidding and budget strategy.
  - ✓ Obsessive monitoring: things can change quickly, e.g., "runaway keywords".
  - ✓ Utilize robust, free analytics to optimize at granular level.
  - ✓ Seasonality allows for a reduction in spend that allows for maintenance of top-line metrics (CPCs, Cost per Conversion, etc.).
- Channel Metrics
  - KPIs
    - CPC
    - CTR
    - ROAS
    - CPA
  - Other

- Quality Score
- Position

## → SEO

- **Summary** - Requires a complex combination of technology, backend tactics and a thoughtful content strategy. When done well, it can become the pillar of your growth strategy.
- **Channel Dynamics**
  - Trying to "game" Google will fail as a long-term strategy.
  - Focus on deeply understanding the guidelines that Google shares and create genuinely outstanding customer content and experiences.
  - Three foundational areas of focus:
    - Build your pages and site structure to be optimized for Google crawlers from a technical perspective
    - Develop a unique content strategy that enables the development of a very large volume of high quality original content.
    - Secure as many backlinks as possible from reputable and important third parties (Google puts a premium on .gov and .edu domains) via outreach, social activity and other 3rd party engagement
- **Fit**
  - The more breadth and range (of product or content), the more effective.
  - Good for low margin businesses that don't support paid clicks (Etsy, Thumbtack - low margin, but great breadth/range).
- **Advantages**
  - ✓ Enormous potential scale.
  - ✓ Meaningful upfront investment, but low incremental cost when done well and scaling.
- **Disadvantages**
  - ✗ Intensely competitive.
  - ✗ Brand impression or recall of SEO visit can often be weak.
  - ✗ SEO results can take a substantial amount of time.
  - ✗ Lacks fine controls offered by other channels.

- ✘ Requires large cross-departmental effort (tech and content teams needs to be highly aligned).
- ✘ Google algorithms change frequently and unpredictably, which can have a great impact on your results.
- ✘ Violating their policies can result in decreased rankings, which are very difficult (impossible) to correct quickly.
- Trends
  - ★ Google increasingly crowding out organic for paid (particularly on mobile).
  - ★ Google favoring own content presentation vs 3rd party sites.
- Best Practices
  - ✓ High degree of executive sponsorship required (need tech resources, org commitment - and lots of patience as the results take time).
  - ✓ Before making a major investment, investigate your category to understand the competitive dynamics (many categories like travel have already been "won" by a small number of brands - minimal chance for newer players to break through).
  - ✓ Before making a major investment, you need to have some line of sight to a potential "winning" content/landing page strategy (unique and original at very high degrees of scale).
  - ✓ Success usually involves third parties to provide and/or produce the content: consumer created/supplied, skilled freelancers, offshore created.
  - ✓ Needs active management.
  - ✓ Consider hosting marketing and other content pages on an SEO-optimized publishing platform.
- Channel Metrics
  - Quality and quantity of inbound links
  - Domain authority
  - Quality and quantity of indexed pages
  - Organic impressions
  - SERP position
  - Queries
- Discovery Channels: Paid Social, Other Social, Display, Performance Content & Email

## → Paid Social

- **Summary** - Paid social is mostly Facebook, which has been called "the most advanced advertising system ever created" due to its unprecedented targeting and unmatched visibility into cross-device behavior.
- **Channel Dynamics** - Highly competitive and increasingly crowded, winning on Facebook requires staying ahead of the innovation curve.
- **Fit**
  - Most consumer businesses.
  - Discovery of novel solutions/new consumer services.  
Example: MileIQ
- **Advantages**
  - ✓ Unparalleled targeting.
  - ✓ Scale.
  - ✓ Global reach (minus China).
  - ✓ An innovation machine, which makes it a good bet for both today and tomorrow.
  - ✓ Targeting, tracking and reporting cross-device.
  - ✓ Well-built for testing and rewards ongoing experimentation.
  - ✓ Outstanding for driving app installs.
  - ✓ Data-rich like SEM and a visual canvas for storytelling.
- **Disadvantages**
  - ✗ Limited intent signal (compared to search).
  - ✗ Not as good for immediate purchases (better for leads, trials and low-consideration purchases).
  - ✗ CPCs continue to rise as marketers with increasing spend invest further.
  - ✗ More unpredictable than Paid Search (Facebook's algorithm fights "stale" so you always have to evolve your tactics).
  - ✗ Nature of demand is like fishing in a pond.
    - Ultimately, aggressive fishing will cause "catch" to decline (temporarily).
    - "Bait" also needs to be regularly refreshed to keep the fish interested.
    - You have to be regularly seeking out new "ponds."

- ✘ Increasing favoring of video will cause creative costs to rise.
- Trends
  - ★ Highly visual and increasingly favoring video.
  - ★ Vast majority of FB impressions are on mobile (80%+).
- Best Practices
  - Decide on acquisition vs retargeting/staying top of mind.
  - Define audience in a way that lets you find them via Facebook's targeting (examples: Zip codes as proxy for affluence).
  - Leverage "lookalike" audiences that match your best customers.
  - Define and prioritize your creative strategy.
    - Options:
      - Classic static ads with CTA
      - Video
      - Promoted content as "soft sell" to drive engagement and/or lead gen
      - Refreshed creative.
  - Given targeting, you can quickly tap out a segment, thus will need to continually find "new ponds" to go after.
- Channel Metrics
  - Cross-device behavior and purchases
  - Ad relevancy
  - Engagement measures:
    - Shares
    - Comments
    - Likes

## → Other Paid Social

- Mostly Twitter, Pinterest, Snapchat, etc.
  - Even collectively, scale is still significantly smaller than Facebook.
  - Tools and overall platform sophistication lag substantially behind Facebook.
  - Worth exploring, particularly if one of these has a strong fit with your target audience (ad platforms/options are improving), but should usually be secondary to Facebook.

## → Display

- **Summary** - Channels include social, web and in-app and, which have been revived by retargeting approaches but remains notoriously ineffective for direct acquisition (with limited exceptions). Inventory accessed in two main ways:
  - DSP or Ad Network (like Google Display Network)
  - Directly from highly relevant publishers.
- **Channel Dynamics**
  - Retargeting typically "works" in terms of cost-effectiveness, but be mindful of customers feeling "stalked" by excessive impressions.
  - Critical to measure incrementality so you are not double-counting conversions with other supporting channels.
- **Fit**
  - Display retargeting works for both low and high consideration, as it serves as a reminder for uncertain or distracted consumers.
  - Display for acquisition is typically much more challenging but can work as a performance channel for leads (email capture) and low consideration purchases.
- **Advantages**
  - ✓ Inexpensive inventory to drive purchases.
  - ✓ Builds on other investments in site traffic.
  - ✓ Scale can be meaningful: high single digit percentage of revenue is common for retargeting, but there's always a ceiling since retargeting traffic is a direct function of overall site traffic.
- **Disadvantages**
  - ✗ Beware excessive impression frequency complaints from consumers.
  - ✗ Difficult to work for direct acquisition because of insufficient intent signal.
  - ✗ Exceptions:
    - Lead capture followed by email nurture to drive purchase later
    - Low consideration purchases can also work.
- **Trends**
  - ★ Vendor consolidation in re-targeting industry.
  - ★ Aggressive use becoming less effective.

- ★ New forms: gmail sponsored promotions.
- **Best Practices**
  - Never credit "view-through" conversions without first running a hold-out study to understand incrementality (and be skeptical of vendor pitches on the value of "view through" conversions).
  - Longer tail with large catalogs work when you can deliver personalized recommendations in the ad unit.
  - Lead capture/driving "shallow" and low consideration conversions.
  - 3rd-party vendors vs in-house:
    - Vendors are sophisticated and can get you up and running quickly but also charge a significant premium.
    - Self-serve tools from GDN and Facebook are well-designed and much cheaper than 3rd-party vendors but require significant expertise.
- **Channel Metrics**
  - KPIs
    - Impressions
    - CPC
    - Cost Per Conversion
    - ROI/ROAS
  - Other
    - Lift from exposed vs control
    - Relationship to searches for your brand on SEM (PPC a position often increase with active display campaigns).

## → Performance Content Marketing

- **Summary** - Rapidly growing, increasingly important for both B2C and B2B businesses as purchasers are more informed than ever and want to make smarter, fact based purchasing decisions ("Content is the new creative").
- **Channel Dynamics** - Increasingly important new channel with meaningful scale to drive high quality, and fairly inexpensive, engagement and traffic, but monetizing that traffic can be challenging and attribution subtle.

- **Fit**
  - Mass-market impulse purchases (apparel).
  - Consumer - works particularly well with highly visual products and services.
  - New concepts / categories that need explanation and education.  
For instance:
    - Home delivery of pre-prepared meal kits
    - Online interior design
  - Retargeting for high consideration and high value purchases.
- **Advantages**
  - ✓ Ad units work on mobile.
  - ✓ Content provides credibility and differentiation in a noisy ad/media world.
  - ✓ Powerful vehicle for brand storytelling.
  - ✓ Effective across the lifecycle (acquiring, engaging).
  - ✓ Highly engaging content can result in inexpensive traffic and positive ROI.
- **Disadvantages**
  - ✗ Lots of iteration needed to make work for direct response.
  - ✗ Takes investment and management to create, need brand and messaging foundation.
  - ✗ If content is low quality or off-message, can hurt brand and be ineffective.
  - ✗ Results take time.
- **Trends**
  - ★ Rapidly evolving space with vendors innovating constantly.
  - ★ Consumers increasingly respond less to interruption marketing, and more to engaging and educational content (that happens to tell a brand story).
  - ★ Distribution network algorithms can change frequently (e.g. news recently de-emphasized in Facebook).
- **Best Practices**
  - Needs to be high quality and aligned with brand/messaging.
  - "Highly targeted" distribution greatly increases likelihood of the channel working.
  - Non-obnoxious lead gen (e.g. email capture) on landing pages.
- **Channel Metrics**
  - Need low CPCs in paid because value per visit is low (top of funnel).

- Ratio of CPCs to economic value attributable to visit.

## → Email

- **Summary** - While not at the cutting-edge of new approaches to marketing, the scale of email can be substantial and the economics can be very compelling.
- **Channel Dynamics** - Focus should be on establishing a long-term relationship with your audience:
  - How can your email be helpful and useful to your customers.
  - Regular tips to improve the slice of life associated with your category is almost always a good approach.
  - Triggers and alerts, done with a genuine desire to be helpful, can also create real impact.
  - Broad goal is to stay top-of-mind with your audience.
  - Occasional/strategic offers are okay but they should not be the primary focus.
- **Vendors**
  - Beware those that have been acquired by the behemoths. Service levels tend to be poor and technology is often outdated.
  - Fortunately, there are many independent email technology providers out there that do a good job.
  - No solution is perfect so define the critical must-haves and select vendor based on those.
  - Maybe frame up 4 tiers of ESP solutions
    - Heavy Duty
      - Need: Extremely large send volumes (+10M file size), delivery time precision essential, very high degrees of personalization
      - Example: ExactTarget
    - Mid-Tier:
      - Need: Moderate volumes (+1M file size), delivery time precision somewhat important, some degrees of personalization
      - Example: SilverPop
    - Lower Tier:
      - Need: Relatively low send volumes (less than 1M file size), delivery time precision not essential, little to no personalization
      - Example: Mailchimp

## Closing Thoughts and Watch Out's

- **Engineering Support** - The marketing team is usually last in line as it relates to engineering resources, so you need to set up lightweight solutions that enable the marketing team to be as self sufficient as possible (tag management solutions, A/B test solutions). Avoid dependence on engineering and you won't break anything.
- **Leader Hiring "Mis-hires"** - It is very common for companies to miss on their first marketing leadership hires (too junior, too senior, wrong functional expertise, etc.) and usually no one is at fault. There are simply too many unknowns in the early days. With that in mind, is important to build as much organizational flexibility as possible - consider more generalist/athlete types, consider leveraging functional agencies and freelancers to learn your way into a channel (and if it shows promise, pull in-house and staff with an FTE).
- **Technology** - The world of third party marketing solutions and MarTech is overwhelming and getting harder and harder to navigate with a high degree of certainty. It's critical to get input from experienced marketers before selecting a third party solution. You also want to make sure you are getting the best price.
- **Agencies** - Most Performance Marketing agencies say they can do everything, when in reality, they likely excel in only one or two channels.
- **Herds and Fads** - "Follow the herd" mindset is very common in technology circles - buzz about a given channel gets CEOs and Boards whipped up into a frenzy about the opportunity, and marketers often make deep investments before doing their own channel discovery exercise. It is good to have an informal network of advisors around you to sanity check and validate.