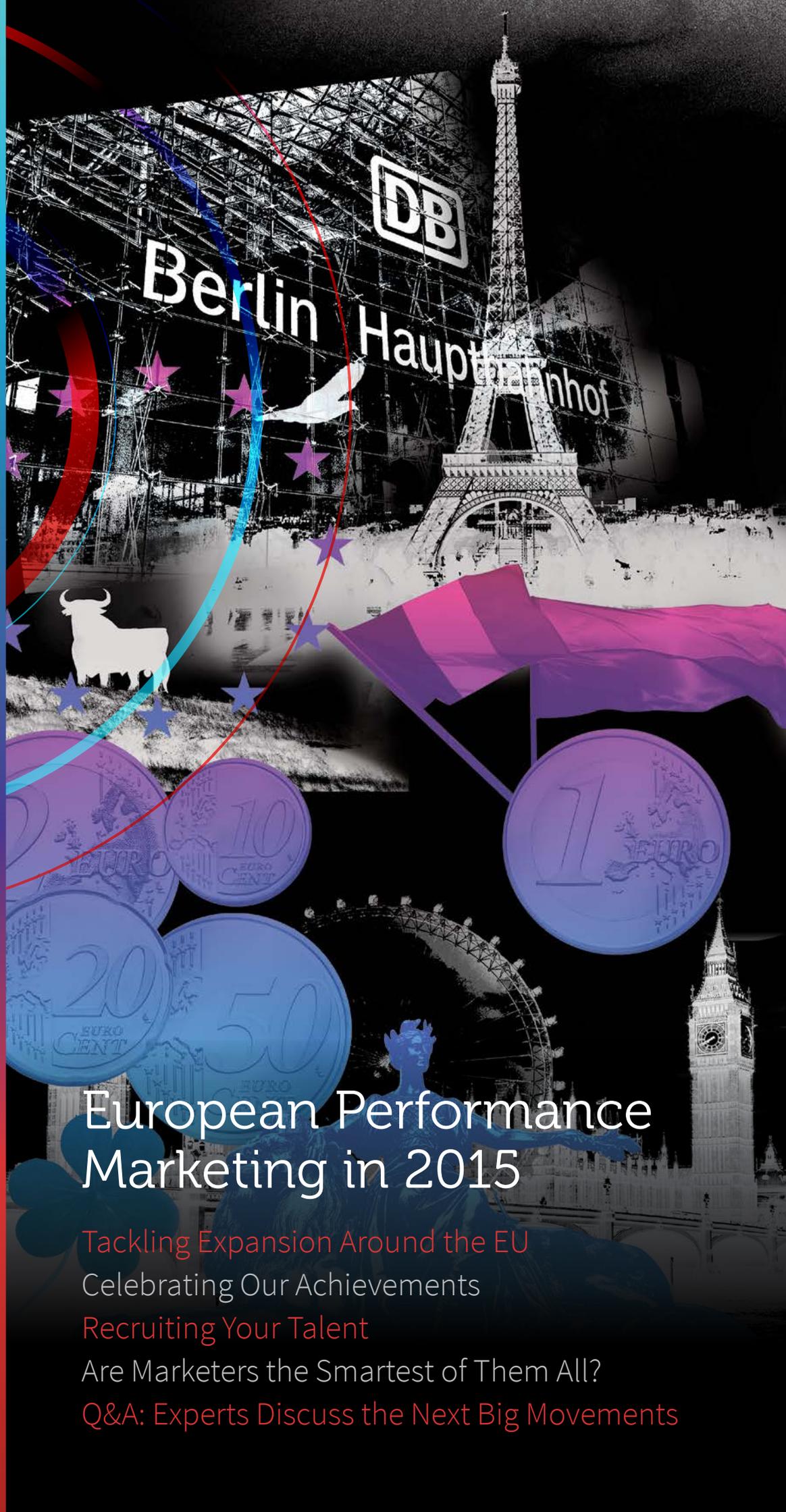


# Performance IN

AUG // 2015



## European Performance Marketing in 2015

Tackling Expansion Around the EU

Celebrating Our Achievements

Recruiting Your Talent

Are Marketers the Smartest of Them All?

Q&A: Experts Discuss the Next Big Movements

What's going on  
beneath the surface of  
your marketing spend?

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## FOREWORD

It was a hard task attempting to sum up all the big talking points in performance marketing across Europe within a single supplement, but after some quality time spent burrowing in our screens and notebooks, we think we've nailed it.

In expansion, recognising achievements, staffing, perception and the future of performance, there are five subjects which never fail to stir up a meaty conversation. There were plenty of other discussions that didn't make it into the supplement but we hope to offer them coverage in some capacity over the coming months.

To provide an idea of the situation at hand, performance marketing is enjoying some of its best success in Europe. Stats would dictate that Britain, Germany and France are leading the charge. Yet in emerging markets such as Poland, Turkey and Sweden, the continent as a whole is becoming far broader in terms of where the advertiser spend lies.

There are no shortage of challenges to overcome over the next few years. However, in our increasing use of data, successful ventures into the world of offline selling and digital marketing becoming all the more measurable, we also have plenty to look forward to.

Whilst naturally taking different opinions on several of the topics discussed, our experts were unanimous in their verdict over one particular matter: the current position of performance and how it's set to get a whole lot bigger. So whether you work on the ad tech, publisher, advertiser or network side of things, we hope that our latest supplement will put you in good stead for 2015 and beyond.

**Rich Towey**, Content Director, PerformanceIN  
[richard.towey@performancein.com](mailto:richard.towey@performancein.com)

## Contact & Advertising

**Content Enquiries:** [content@performancein.com](mailto:content@performancein.com)  
**Advertising Enquiries:** [advertising@performancein.com](mailto:advertising@performancein.com)

**Postal Address:** PerformanceIN, 7.17 & 7.18 Deco Building,  
 Paintworks, Bath Road, Bristol, UK BS4 3EA

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**Richard Towey**  
*Content Director, PerformanceIN*

**Mark Jones**  
*Editorial Executive, PerformanceIN*

**Jonathan Chubb**  
*Senior Designer, PerformanceIN*

**Mark Atherton**  
*Sales Manager, PerformanceIN*

**Charles Deas**  
*Sales Executive, PerformanceIN*

**Andy Tozer**  
*Marketing Manager, PerformanceIN*

# Tackling Expansion Around the EU



Follow Rich Towey:

[richard.towey@performancein.com](mailto:richard.towey@performancein.com)

[@RichToweyPI](https://twitter.com/RichToweyPI)

**N**o supplement covering performance marketing in the EU would be complete without a swoop over the considerations for expanding throughout the region, so we've decided to build from that exact point.

Expansion has to be an option for any advertiser, publisher or agency that has found their feet in the EU, and it was of little surprise to find that 80% of businesses deemed extending their operation integral to success in a BT-led survey from 2014.

Some of the world's most attractive and promising markets belong to the EU, while emerging nations like Turkey, Poland and Israel are giving companies plenty to think about when it comes to where their business is best heading. With the aim of covering all the bases, we sought feedback from groups that know a thing or two about launching performance marketing activity in a new market.

## Advertiser Perspective

### James Maley

Senior International Marketing Manager  
Hilton Worldwide



As an advertiser there is nothing more important than getting a local market launch right from the beginning, which starts months, even quarters ahead of an actual launch, depending on the channel or region.

You must always talk to your customers in their own language. With targeting becoming increasingly more efficient, that also means recognising when a customer is not a native of the market. Browser, IP or behavioural targeting allows for granularity. This will take patience but I certainly find that this can be dependent on the market. EMEA would potentially be better served on browser and behavioural.

Many hoteliers need to charge the consumer in the currency tied to the place they're situated, or supply a non-guaranteed exchange which is converted on-site when booking. That said, be aware of regions where domestic currencies are not used as often as regional or international.

Ensure that all costs are transparent - from city tax to VAT - and have a global point of contact to represent the brand. As well as breeding reliance and trust, it also strengthens brand advocacy and builds a strong feeling of direction. Knowing your local partners 1:1 is another vital consideration.

Last but not least, you must always pay invoices on time and know your market's financial regulations. Paying invoices late, whether by proxy or directly reflects badly on your brand. Check market rules and regulations also. In Russia, for instance, contracting requires Russian language copy, even at IO level. Not knowing these things can cost you relationships, traffic, fees and actual fines.

## Agency Perspective

### Bruce Clayton

Director  
Optimus Performance Marketing



How we approach the EU market on the behalf of a client depends on a number of factors. We'll look into how well they're established in a territory, whether they're planning on launching a new website, and what other support they're putting into a marketplace, like paid search or display activity.

Most advertisers have a "home" marketplace, meaning they will not enjoy the same brand recognition and sales they have in any new territory. They will often be a small challenger brand entering an established hierarchy of competitors. This means they will not necessarily achieve comparable results and it is important that a client is given an idea of what to realistically expect.

In addition, the EU is a collection of nations, which while largely united by a common currency differ hugely in terms of language, culture and in some cases legal requirements around e-commerce. These all need to be considered and addressed when operating inside new territories.

The publisher and network landscape must also be taken into account as there are relatively few pan-European publishers and their business models vary widely, necessitating a bespoke strategy for any given territory.

If you are looking at affiliate marketing in a number of territories then the importance of a strong European network is paramount for ease of administration and contracts. However, if a merchant is looking at a single territory it may be better to look at the strongest individual network in a given country where this differs.

## Publisher Perspective

### Catharina Zientz

Head of Fashionchick International



## FASHIONCHICK

Fashionchick has expanded into five European markets over the last four years. We target women shopping online, bringing together clothing, shoes and accessories from e-commerce stores. We add value by turning our partners' product data into content that draws the user in.

We replicate the same business model when entering a new market, starting by examining socio-economic data and the country's performance marketing landscape.

Looking into the size of the target audience and how much they're willing to spend on fashion helps. We'll also look into our would-be competitors and - most importantly - which advertisers and networks are present in the market. That's why it made sense for us to expand into Belgium. Despite its relatively small size, we could easily establish ourselves by working with our current Dutch partners. On the other hand, when we decided to expand into Germany the decision was driven more by the attractive demographics and the large number of female internet shoppers.

Thinking about international expansion is therefore always a balancing act between external factors, such as the attractiveness and competition within the market, and internal capabilities.

While we use the same technical solution in all our markets, we've also found that it's necessary to tweak it according to different legal requirements and user preferences. We'll work with native speakers who start populating the site with rich content, reach out to potential partners in the market, connect to the local affiliates, networks and agencies before we eventually launch the site.

# Must Performance Marketers Keep Their Celebrations at an Inaudible Level?

**W**hen it comes to celebrating achievements and progress, marketing is an odd beast to pin down.

One ill-judged slip of the tongue could unleash a wealth of highly valuable strategy points, which are arguably best left where they're at their most protected; affixed to the notepads and screens of those in charge of the work.

In the case of performance marketing, its cut-and-dry nature produces a negative in the sense that activity draws result and client/brand declares win. In some cases there is little cause for further discussion from the purse-string holder; room for feedback and scope for greater spend in the channel.

On top of this, there is performance's status as a rapidly-maturing but still fairly youthful entity. The term was borne of the pay-on-results approach offered by activities such as affiliate marketing. Sometimes it's easy for affiliate marketers and others in the space to concentrate on their own work rather than thinking about what else they can do for a client or brand.

It's a triple-edged sword which has a habit of keeping the celebrations behind closed doors, and arguably at a significant cost.

## Pigeonholing performance

Like display advertising and social media, performance is part of a wider digital mix. Along with its counterparts, the channel must be able to stake its claim for a fair share of the advertiser's budget, which comes from being able to prove overall worth.

From the perspective of Genevieve Kunst, VP and managing director for Europe at online news publisher PopSugar, performance marketers are renowned for keeping quiet, and "definitely" need to raise their voice in order to better compete with the channels they operate alongside.

"Ultimately, budget holders want to make the biggest return for their "buck" so to speak," she says. "It is up to agencies, networks and internal organisations to demonstrate their value in comparison to the other channels."

But what stands as a far greater issue than a 'results-driven' reputation, for instance, is the industry's own habit of keeping schtum. In some cases it comes down to focusing on a smaller picture than the one that could emerge.

"I would argue that it is more that the industry itself is not thinking bigger about the opportunities that exist and that oftentimes organisations and agencies have structured themselves into the pigeonhole," Kunst adds, citing her experience of branding fashion site ShopStyle a "marketing partner" as opposed to an "affiliate publisher" as an example of broadening horizons.

## Hiding the single customer view

On the flipside, keeping quiet has its clear advantages. Use the example of the small-brand campaign manager, who uses performance to compete with the giants of his or her space. Disclosing winning formulas can only make it easier for the large enterprises to obtain what makes the rival campaign drive results time and time again.



This is especially from the advertiser site, as RetailMeNot's VP and general manager for France, Anne-Marie Schwab, states.

"Agencies are very keen on shouting about their results, but their clients are more reluctant to share insights on their campaigns.

"With the rise of mobile and omnichannel retail, the consumer journey is changing and everyone is struggling to get a good picture of the consumer, so companies are more and more determined to keep their strategy private and protect their KPIs from their competitors."

But performance's lack of a celebratory instinct is nothing new, according to Schwab. It's something that stems back to the "good old days" when performance as a term did not exist and marketers would do their very best to hide the routes to success from their above-the-line activity.

It's Schwab's belief that having a greater range of tools for compiling stats has made the problem worse.

"As the industry evolves, we have now more indicators than ever at hand that we can use to analyse the outcome of our campaigns, while companies are becoming increasingly protective of their data to keep their competitive edge."

### Solutions to silence

Considering the billions of euros that performance marketing has driven for brands over the years, it's a shame that the industry as a whole cannot and occasionally will not amplify its voice.

After all, performance marketers do wonders for the companies they serve. Whether that's in bringing down the cost per acquisition, or tapping into a market deemed unreachable by other methods of promotion.

But even with the barriers firmly in place, there are havens where performance marketers can truly savour their victories without repercussions. Industry accolades, voted for by only a select group with no vested interest in the content in front of them, are a good place to start.

"Outstanding work is celebrated through awards, which are a great way to highlight success," comments Schwab.

"Companies don't have to give away their strategy for this, but can showcase their innovation."

At discount hub RetailMeNot, emphasis is placed on celebrating what can't be published internally, which helps keep teams motivated and to grow and learn as a unit.

Overall, though, as the numbers for digital marketing spend continue to multiply, it appears the industry could be creating a fair few problems for itself by not speaking up. 

#### Follow Rich Towey:

[richard.towey@performancein.com](mailto:richard.towey@performancein.com)  
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# Recruiting Your Talent the Pe



## E

urope's a small continent, but with £132 billion in online sales over 2014 it holds the globe's largest e-commerce market.

And it barrels along, with this figure tipped to increase by over 18% as we enter 2016, according to a study by RetailMeNot.

The market is burgeoning and companies are keen to expand, and while this carries no shortage of challenges, there's one issue that plays in the background of everything that surrounds our various problems with targeting, segmentation and data usage: where will we find our staff?

### A team effort

To use a cliché; success is a team effort, and it is the staff you employ who will carry the brand's vision forward in foreign markets, not just the product.

Establishing your company for the long-run in a new country requires not just the relocation of senior management, which you may be able to incentivise - it means sowing

the seeds of talent that will help your brand flourish in uncharted territories.

Finding a candidate that ticks all the boxes in such a 'niche' and relatively new industry is of course no small feat, so PerformanceIN spoke to two companies already operating successfully within Europe to find out their approaches to future-proof recruitment.

### The right person

"I think recognising that you cannot always recruit the perfect person right out of the box is important," says Bruce Clayton, director at performance marketing agency Optimus.

Clayton believes in a set of basic building blocks that companies should seek in candidates: numeracy, literacy and common sense. But aside from this, a varied pool of skillsets ensures the company has an understanding at each client 'touchpoint'.

This means employing staff who are able to speak with clients at their own level, which often matches any need for industry-specific qualifications.

"Not all clients have classically-trained marketers running the digital function, so having an account manager who is familiar with business and a retail environment is as important as having a marketing background."

In fact, candidates need not have a marketing background at all. Among graduates, placement students and those with work experience, Optimus looks for strong customer-facing skills, an eye for detail and a stellar team ethos.

The company operates on a number of levels within the account management function, allowing the group to 'slot people in at the relevant level' and develop their skills accordingly.

### Finding them

IT qualifications may have come to the fore in the last decade, but you'll still be hard pressed to find universities offering degrees in e-commerce, less so 'performance marketing'.

# Performance Marketing Way



This has spurred a culture of on-the-job training within the field, with firms taking graduates from non-related degrees, or those unable to keep up with the industry's rapid evolution.

"They [candidates] come to us for graduate programmes and stay with us, and we help them build their career," comments Anne-Marie Schwab, RetailMeNot France's VP and general manager.

"However, what we also see is that the industry is changing at a very fast level and schools seem to struggle to hold up the pace and to incorporate the latest changes into their programmes."

M-commerce in Europe, for example, grew 93% in just 12 months – the academic blink of an eye - while spend on devices is forecasted to approximately double 2014's total of €23.8 billion, according to RetailMeNot.

"It's a new approach to recruiting," says Schwab, "but the final outcome is very satisfying."

While this may seem to be a labour-intensive approach to recruitment, it's one

that will bear fruit in the long run, with payoff taking the form of lower staff churn and an expanding team of skilled, motivated employees.

## The bigger picture

While online start-ups are generally less hierarchical and more seamless in structure than many 'traditional' businesses, it's easy for employees to slip into departmental silos, intensifying during periods of transition.

"When businesses are growing, employees tend to regroup with their peers and fellow team members," says Schwab.

"We also see generation changes with the arrival of the so-called Generation Z, who approach their work differently and can be a bit disturbing to more senior staff members."

Schwab believes companies who want to encourage larger communication must be transparent, while urging their staff to work towards a global company vision, instead of shooting for individual goalposts.

"If people get the bigger picture and feel like they're part of the project, they will communicate more efficiently with other teams," she says.

Optimus's Clayton believes similarly that collaboration is key to developing new markets, ensuring expectations are both 'realistic and achievable', and providing staff members with both the 'remit and resource' to develop.

"Additionally – do not overestimate how far you can get with the English language – succeeding in the EU space requires language skills and a consistent approach to understanding the key markets," he adds.

"Recognising that things take time and need to be done properly in order to fully succeed is often overlooked in the pursuit of a quick route to market." 📌

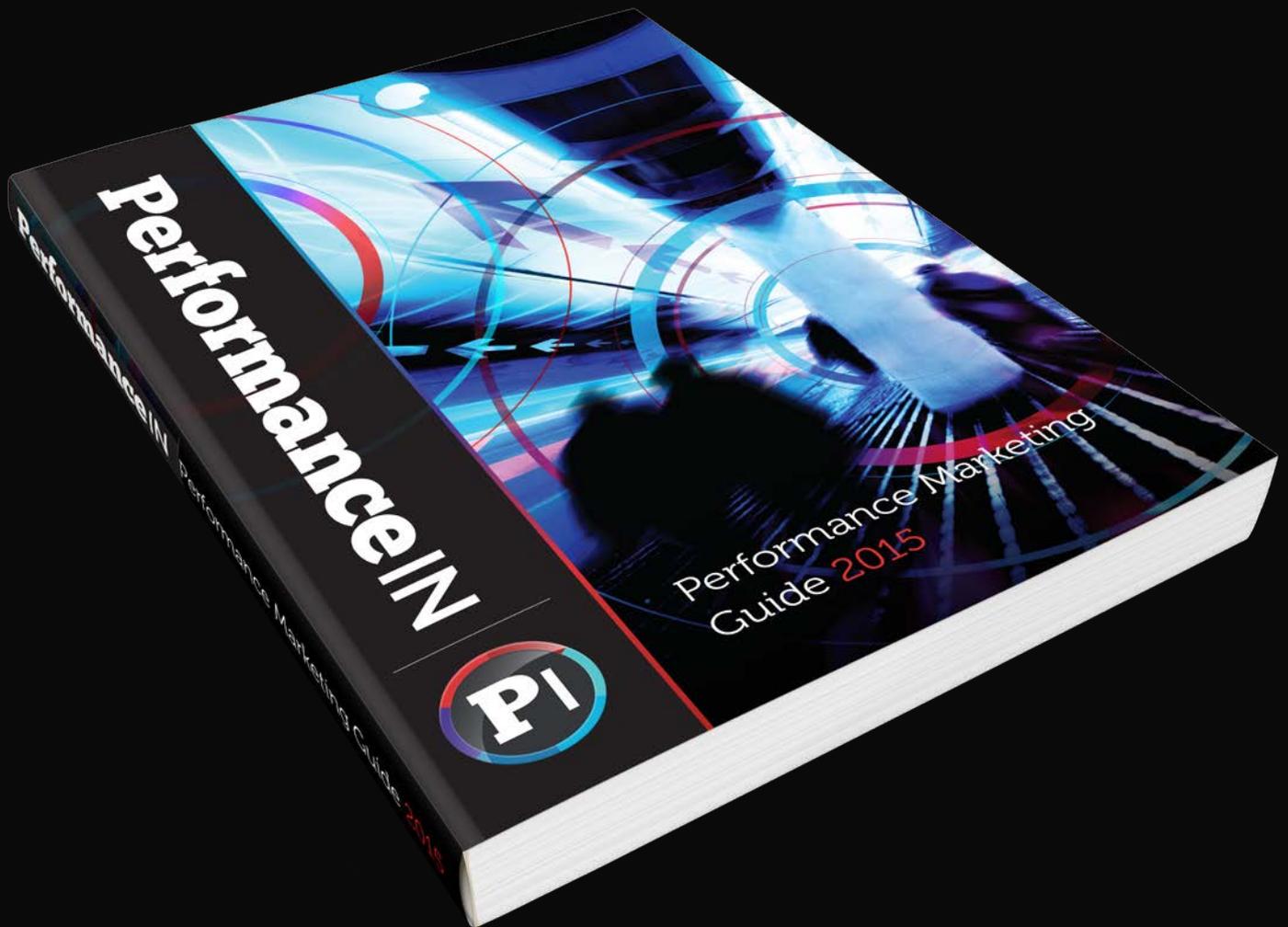
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## Performance Marketing Guide 2015



More than 150 pages of insightful and educational content are packed into our fourth annual guide, covering all elements of performance marketing:

Search • Display • Content Marketing • Mobile • Social Commerce & Marketing • Agile Commerce • Affiliate Marketing • Email Marketing Best Practice & Regulation • Technology • Data & Analytics

# Are Marketers the Smartest of Them All?

‘Omni-channel, multi-channel, lifetime cycle, lifetime value’: while remaining firm favourites in the marketer’s vocabulary, this all forms part of terminology that centers around the customer, yet the customers themselves don’t see it.

When was the last time you heard someone complaining that an email offering them something they’d just bought in-store typified problems in ‘bridging the online/offline divide’?

The consumer would rather note the presence of ‘spam’ as opposed to using any of the language discussed in the boardroom or on your favourite e-commerce news portal.

Problems that marketers have with things like cart abandonment and data usage are well-documented in the B2B press, but without knowing about said issues, it’s easy for customers to assume that marketers, when they showcase things like retargeting or personalised web pages, are the brains of a generation.

A desire and subsequent ability to better target customers through data has certainly given the advertising industry a sleek, informed and almost robotic edge, aiding brands in their pursuit of a single customer view.

Given that some of the industry’s most interesting debates are around challenges, however, there is certainly scope for questioning whether marketers really are as smart as the consumer might be led to believe.

## The big disguise

What’s clear from a typical tour around the web is that marketing is smarter than ever. On social feeds, apps and blogs, we have retargeting; the ‘scary’ advertising based on actual buying habits and pages viewed.

Progress is slowly but surely being made with making mobile-optimised pages commonplace, which will go some way to catering for the €45 billion that Europeans will spend using their tablets and smartphones over 2015, according to RetailMeNot.

Adding further weight to our tech-savvy reputation, we can send in-store notifications using BLE devices and NFC; contacting potential buyers in ways we thought never imaginable.

“Marketers pretend to be smarter than ever,” though, according to Tim Seewoester, director of digital partner management at customer loyalty group Payback.

“The truth however lies somewhere in the middle because there is not only technological and channel complexity but also the need of better interpretation of data.”

Customer information is typically the focal point of any modern-day conversation about marketers realising their potential. Unfortunately the answer for merging everything they know about their customers and translating that into a single view remains undetected.

Research from Oracle Marketing Cloud shows that only 13% of CMOs are able to deliver ‘seamless, personalised’ experiences to their customers, and that is partly owed to the issues they have with data.

The solution could be simple; far simpler than some of the tech used in driving the path to purchase. Maybe it’s time to drop the facade in some senses and concentrate on what people want.

Seewoester, for example, is adamant that an approach similar to the one that should be followed by content marketers will see companies better satisfying the people they reach out to. Rather than focus on the tech – the targeting mechanism – it’s the messaging that should represent the biggest priority.

“Good advertising, storytelling and content will lead to more relevancy and better conversion rates,” he adds.

“Without good content and listening to people’s needs, online advertising remains an efficient method without being an effective one.”

It may be that advertising has to invite a greater blend of effectiveness and efficiency now that consumers, not our intelligent selves, are king. 🙌

Follow Rich Towey:

[richard.towey@performancein.com](mailto:richard.towey@performancein.com)

[@RichToweyPI](https://twitter.com/RichToweyPI)

## Q&amp;A:

# Experts Discuss the Next Big Movements in Performance Marketing

## PANELISTS



**Catharina Zientz**  
Head of Fashionchick International  
Fashionchick International



**Tim Seewoester**  
Director of Digital Partner Management  
Payback



**Mark Walters**  
CEO  
zanox

What has been the single most exciting thing about performance marketing in the EU this year?

**Catharina Zientz (Head of Fashionchick International – Sanoma):** One of the main reasons why I am so happy to work in performance marketing is the incomparable growth and constant desire for reinvention in this industry. As a publisher we are still coming across advertisers who are only just starting out with their affiliate marketing programmes, or retailers we had been working with successfully in one market which are now expanding internationally across several of our platforms.

**Tim Seewoester (Director of Digital Partner Management – Payback):** For me, it's online marketing becoming part of the overall marketing mix and getting more professionalised. I don't see any major trends such as real-time advertising or content being the next big thing. It is more about getting your house in order, knowing your algorithms, knowing and using your data to enhance user and customer experience.

In the next five years, do you envisage another EU nation being able to compete on a level with the UK, France and Germany?

**Tim Seewoester:** In terms of ad spend there are a lot of new kids on the block already:

Benelux, Italy, Spain to name a few. But we should be watching out for higher growth rates in countries like Poland and Turkey.

**Mark Walters (CEO – zanox):** That's the beautiful thing about digital, the transparency and speed of communication makes it possible for the adoption of advanced techniques and solutions to occur across borders at an accelerated pace. In many ways this means that the mature markets become the proving ground with the stronger/better outcomes being adopted further afield in developing markets.

What we find is that reach and investment play big parts and therefore it's not just quality or effectiveness that defines successful exports. I highlight this because whilst other EU nations should benefit by not being a 'trial market', they often end up making the same mistakes or following the same discovery path. I feel this is the single most limiting factor for emerging markets to genuinely compete with the established set in the area of performance marketing.

**Catharina Zientz:** The Eastern and Southern European markets are especially interesting at this moment and offer great opportunities, as they are not yet that saturated. I believe this is a reason why we will see many players who are already fairly established in these three markets starting to look left and right in their desire for expansion. Nonetheless, looking at the next five years, it will be difficult to compete with the volume in those aforementioned markets which already make up 40% of the EU population.



### How will the role of industry collaboration come to the fore in the next 12 months?

**Catharina Zientz:** For us as a publisher, it has generally been about the relationships we have with our advertisers, often via the affiliate networks and agencies. However, it feels like we are now talking to an increasing amount of new potential business partners, and not only in fashion, which is our core segment. I am really excited about this and I believe it will only increase the amount of collaboration throughout the industry.

### What will drive EU performance marketing forward in 2016?

**Tim Seewoester:** Corporate awareness, the holistic view of offline and online along with the rise of Chief Digital Officers. What's also worth mentioning is the merger of channels and therefore the importance of multi-channel experiences.

**Mark Walters:** A better understanding of the impact of legislation on the digital ecosphere. What might make sense to the lawmakers and politicians doesn't translate into real-world scenarios and often either creates more confusion and bureaucracy or stalls the growth of digital players as they refine their offering to fall in line with a misguided

policy. Privacy and data protection are two very important topics but understanding the implications of decisions from both a personal and business point of view is imperative.

**Catharina Zientz:** In my opinion, the increased segmentation of the industry and our target groups require new solutions with regards to tracking and reaching out to a customer base. It is still very challenging to follow a user through the funnel when he or she is using different devices, touchpoints or channels before making a sale. This is especially in the field of mobile as it is still hard to actually prove our value as a publisher. I expect the market to actively look for solutions in this field, enabling further growth and new business models. 📌



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In 2015 PerformanceIN will play host to a monthly series of exclusive roundtable events specifically designed to stimulate discussion on some of the industry's most pertinent topics. Each roundtable will be followed by an online digital supplement like this one.

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