



## Model of Excellence

ServiceMagic

Company:

Business Model:

**ServiceMagic**  
Golden, CO  
[www.servicemagic.com](http://www.servicemagic.com)

Advertising & Transaction Supported:  
Lead Generation

### Overview of General Business Model Characteristics

The **Advertising & Transaction Supported: Lead Generation** business model is characterized by its pay-for-performance aspect, where advertisers pay a set amount for each sales lead delivered by the publisher, without regard to whether or not the lead ultimately turns into a sale. Because the advertiser only pays when and if a valuable event (identification of a sales lead) takes place, advertising risk is significantly reduced, a huge attraction to advertisers. Publishers benefit because this type of advertising is much easier to sell, though it also imposes significant performance demands on the publisher.

### Models of Excellence Benchmarks

Which is harder: finding a good contractor or getting a contractor to return your calls? ServiceMagic addresses both these vexing problems, setting itself up as a matchmaking service that connects consumers with contractors who cover more than 500 types of home contracting services.

To build consumer trust, ServiceMagic prescreens all the contractors who participate in its national service, and provides a problem resolution and customer support service to help if projects go awry. Consumers are also asked to rate the contractors they work with, and their ratings are shared with others matched to that contractor. This rating process empowers the consumer and encourages contractors to offer optimal levels of service. ServiceMagic monitors the ratings, and contractors with poor ratings may be asked to leave the service.

Consumers access ServiceMagic through a buying guide-style interface, drilling through a hierarchy of categories and ultimately supplying contact information and detail on their project. ServiceMagic matches the consumer to up to four qualified contractors who have indicated an interest in jobs in that specific area and field of work. Contractors are sent the project details so they can contact the consumer directly to discuss their needs. At the same time, consumers are sent a contractor's profile and contact information and past customers' ratings and reviews.

The appeal to contractors is obvious: Unlike other advertising methods, ServiceMagic provides targeted leads and works on a flat cost, pay-for-performance basis. Consumers gain not only convenience, but added assurance they're working with a qualified and reputable professional.