

January 2010

The Pontiflex CPL Report (July – December 2009)

The Pontiflex Cost-per-Lead (CPL) Advertising Data Report

CPL Benchmarks across Industry Verticals

Introduction

The second edition of the Pontiflex CPL Report highlights the increased adoption of Cost-per-Lead (CPL) advertising by marketers looking to connect with consumers and engage them on social and community sites. This report is the latest validation of social media marketing as a mainstream marketing tool as well as CPL as a native pricing model for building social brand groups and community sites. The combination of CPL and social media delivers all of the tenets of a major advertising channel: reach, measurability, optimization, and control. In Q3 2009, 45% of advertisers used CPL advertising to communicate with their audience through social media; in Q4 2009, that number grew to 48%.

The data contained within also shows how pricing has evolved with inventory. From Q3 2009 to Q4 2009, the cost of a lead containing the basic contact information of a consumer increased by 31%. This increase is the direct result of a greater number of premium publishers diversifying their inventory mix to include performance-based options, and serves as evidence of the nascent economic recovery and concomitant publisher pricing power.

In the second edition of the CPL Report, we have expanded the scope of the data to include ten major industry categories.

This report provides a detailed overview and measure of the market across both Q3 and Q4 2009, including:

1. CPL Advertising Overview

2. Pontiflex CPL Benchmark Study

a. How Advertisers Engage Marketing Leads

b. Average CPL and Sample Lead Engagement Strategies by Industry

- i. Consumer Packaged Goods
- ii. Market Research
- iii. Travel
- iv. Technology
- v. Entertainment
- vi. Online Retail and Catalog

- vii. Health
- viii. Consumer Electronics
- ix. Non-Profit/Advocacy
- x. Publishing

3. Methodology

Cost-per-Lead Advertising Overview

Online lead generation is a broad term used to define the acquisition of consumer contact information through digital advertising. Cost-per-Lead (CPL) is the pricing model through which advertisers ask consumers to provide contact information and pay only for qualified sign-ups.

When advertisers think of lead generation, they often think of sales leads. Sales leads are generic leads that are often resold to multiple advertisers. Sales leads contain detailed consumer information such as telephone number, social security number, household income, FICO Score, etc.

However, the Pontiflex CPL Report covers a new category in online lead generation – marketing leads. A marketing lead is the contact information of a consumer who has explicitly signed up to receive communication from a specific brand. Marketing leads are collected on a strict opt-in basis and are never resold.

The Pontiflex CPL Benchmark Study

Pontiflex is an open and transparent Cost-per-Lead (CPL) marketplace. Through Pontiflex, advertisers run sign-up ads on publisher websites and acquire marketing leads.

The second edition of the Pontiflex CPL report details research on how different industry verticals use marketing leads. In addition, the report provides details on how CPL prices vary based on the industry sector and the number of fields collected as part of a lead. The data set covers activity for the second half (July – December) of 2009 and has been analyzed by quarter for comparative insights.

How Advertisers Engage Marketing Leads: Overall

Through the second half of 2009, advertisers engaged marketing leads primarily through social/community sites and newsletters. Advertisers that communicated with consumers through social/community sites include Kimberly-Clark (for the HUGGIES brand) and the ASPCA (The American Society for the Prevention of Cruelty to Animals). Examples of advertisers using e-newsletters to send information and deals to people include Blackberry, Pet Place, and Tommy Hilfiger.

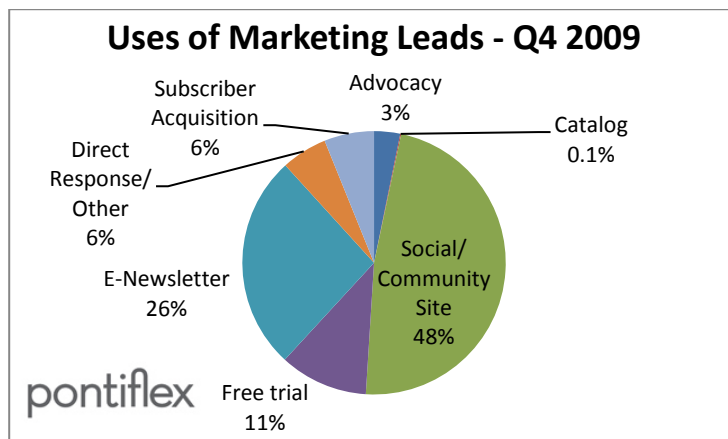
Uses of Marketing Leads - Q3 2009



Source: Pontiflex Internal Research, Dec. 2009

In Q3 2009, nearly 50% of marketing leads were engaged through social/community sites. 23% of marketing leads received e-newsletters from advertisers of interest. Furthermore, 15% of consumers enrolled in subscriber acquisition programs – these include loyalty programs, reward programs and other member acquisition efforts.

Uses of Marketing Leads - Q4 2009



Source: Pontiflex Internal Research, Dec. 2009

In Q4 2009, there was an increase in the percentage of consumers engaged by brands through community/social sites and e-newsletters.

Interestingly, there was also an increase in marketing leads acquired for direct response efforts in Q4 2009. This is a departure from the norm. As explained earlier in this report, sales leads are usually used to drive direct response. The use of marketing leads to drive instant “close and

call” direct response deals is a relatively new trend, and is likely a result of the rush to close purchases in the holiday season.

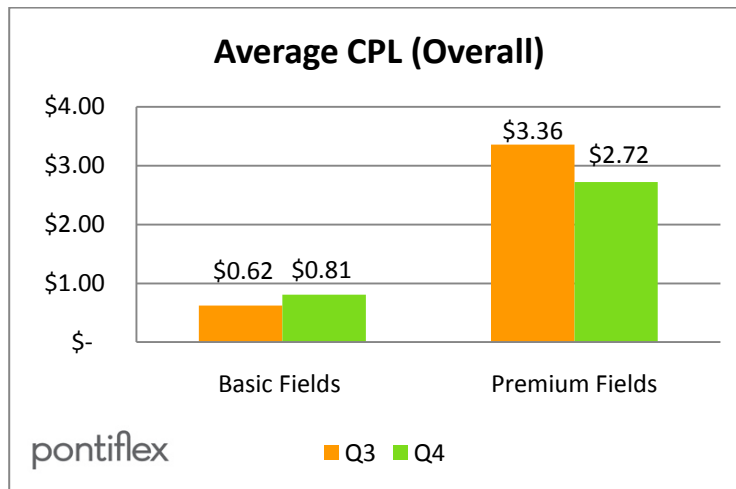
Average Cost-per-Lead and Sample Lead Engagement Strategies by Industry

At the most basic level, the Cost-per-Lead varies according to the information collected in a lead. A lead is comprised of different fields that give information about an end user – Name, Email Address, Postal Address, Twitter username, etc.

There are two levels of information that can be collected as part of a marketing lead:

1. Leads with basic fields: This is the information required to contact a consumer who has signed up for an advertiser offer. Basic fields include First Name, Last Name, Email Address and Postal Address Fields.
2. Leads with premium fields: Premium Fields offer more detailed information over and above the basic consumer fields. Premium fields include:
 - a. Telephone numbers
 - b. Twitter usernames
 - c. Custom questions such as, “Have you traveled to Hawaii in the last year?”
 - d. Geo-targeted information

Collecting premium fields typically increases both drop-off and the cost of a lead.



Source: Pontiflex Internal Research, Dec. 2009

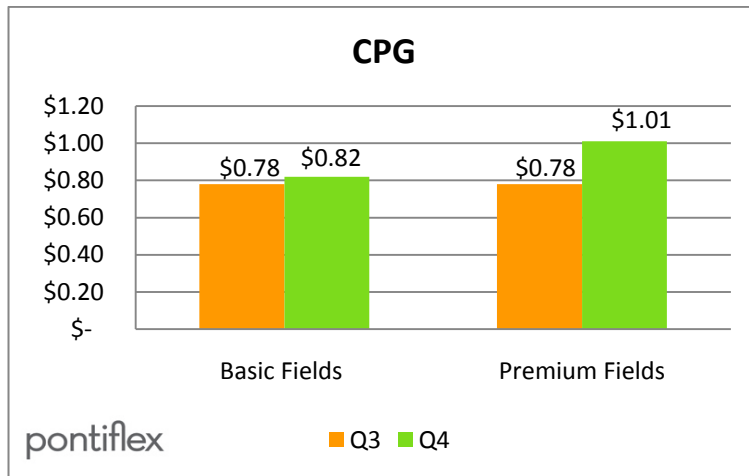
From Q3 2009 to Q4 2009, the cost of a lead with basic fields increased from \$0.62 to \$0.81. This 31% increase can be directly attributed to growth in the number of premium publishers offering CPL advertising. Publishers who offer Cost-per-Lead include Lifescript.com, Boston.com, PlanningFamily.com, Demand Media, AdMob and many others.

There was also a 19% decrease in the cost of a lead with premium fields. This decrease can be attributed to more advertisers collecting limited information from the consumer upfront – and acquiring more information as their brands built trust with the consumer over a period of time.

The charts below detail the costs of a marketing lead by vertical. The section also includes details on the strategies used by specific brands to engage the marketing leads they acquire.

The verticals included in the report were selected based on the patterns of demand for marketing leads. In the first edition of the CPL report, we covered five verticals. In this second edition, to correspond with the growth in adoption of CPL, data has been expanded to include ten major industry categories.

Consumer Packaged Goods (CPG)



Source: Pontiflex Internal Research, Dec 2009

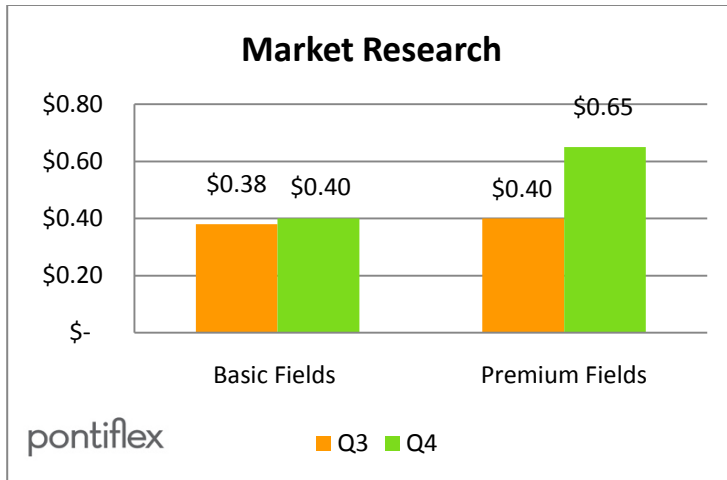
Lead Engagement Strategies: CPG

Consumer Packaged Goods marketers used CPL advertising to build social media groups and community sites.

Example: HUGGIES engaged users at multiple touch points. The brand provided expecting moms with a downloadable Facebook widget and expanded membership of its “Enjoy the Ride” Rewards Program.

Market Research

The Market Research category includes companies that recruit individuals for consumer research studies. Advertisers use these studies to glean a better understanding of consumer needs and preferences.



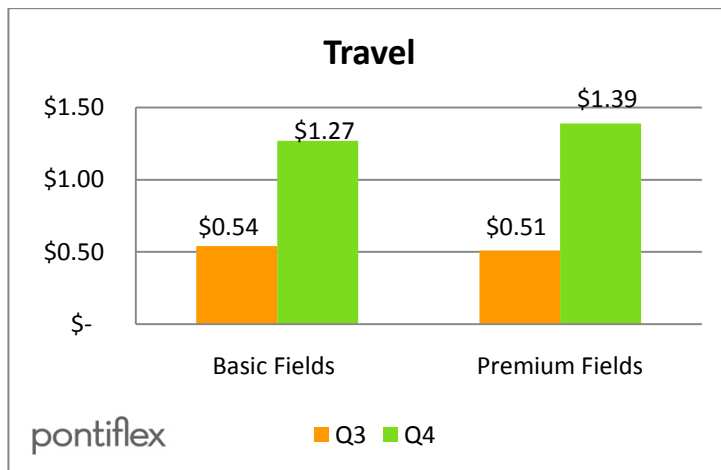
Source: Pontiflex Internal Research, Dec. 2009

Lead Engagement Strategies: Market Research

Market Research firms most commonly used CPL advertising to acquire participants for online research panels and surveys.

Example: Opinion Outpost recruited consumers for advertising panels in the US.

Travel



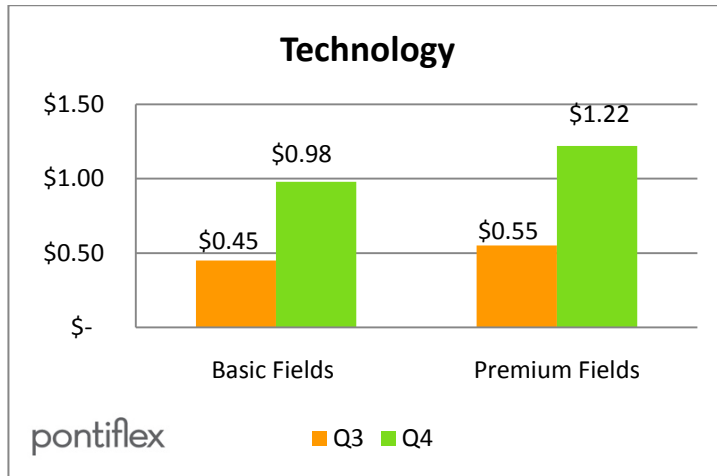
Source: Pontiflex Internal Research, Dec. 2009

Lead Engagement Strategies: Travel

Travel is a vertical in which marketers focused on both brand building and direct response.

Example: Dunhill Vacations communicated with marketing leads via e-newsletters. Tennessee Tourism built a robust database and mailed catalogs to acquired leads.

Technology



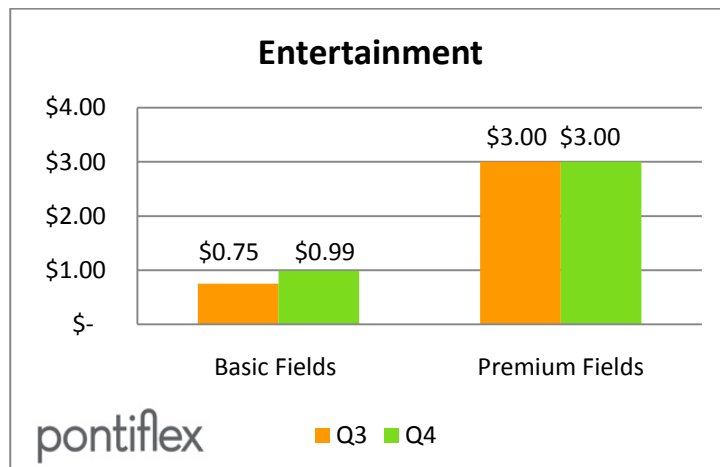
Source: Pontiflex Internal Research, Dec. 2009

Lead Engagement Strategies: Technology

Technology marketers used CPL advertising to drive adoption/upsell by building long term relationships.

Example: eFax deployed a comprehensive email marketing campaign to promote its fax number service.

Entertainment



Source: Pontiflex Internal Research, Dec. 2009

Due to entertainment's mass appeal, campaigns in this vertical typically have a broader reach than campaigns in other categories. Given the diversity of the target audience, it is not

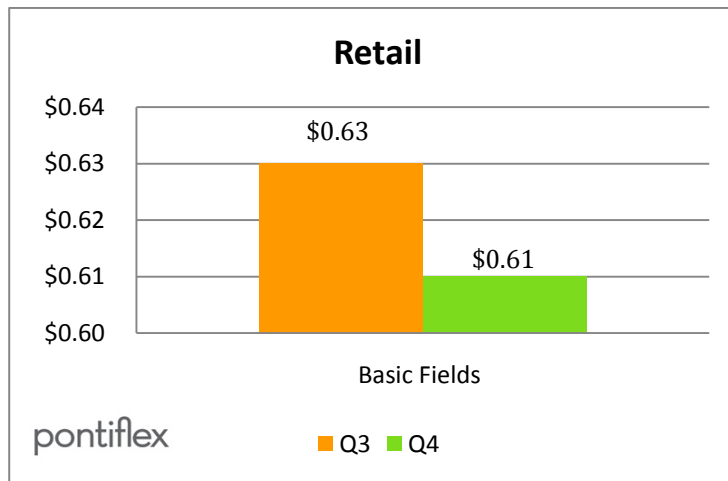
uncommon for advertisers to segment their database on the basis of a larger number of demographic and psychographic criteria: Age, Household Income, Number of Children in the Family, Type of Movies Watched, etc. As explained earlier in this report, collecting more consumer information upfront drives up the cost of leads with premium fields.

Lead Engagement Strategy: Entertainment

Entertainment marketers used CPL to build a community of users around their offerings and engage them at multiple touchpoints.

Example: Blockbuster drove memberships through of a free trial campaign deployed across online and mobile media.

Online Retail and Catalog



Source: Pontiflex Internal Research, Dec. 2009

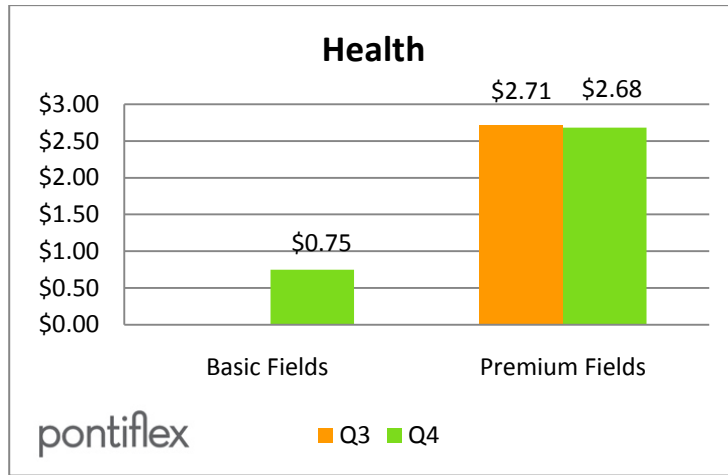
Retail advertisers typically collect only basic information from consumers. They use this information to drive sales (and repeat sales) by sending strategically timed email drops according to demand, seasonality and a number of other factors.

Lead Engagement Strategy: Retail

Retail marketers used CPL to build email lists in order to engage users throughout the year and drive sales in the crucial holiday season.

Examples: Tommy Hilfiger used CPL advertising to collect email addresses from shoppers and build out its e-newsletter programs.

Health



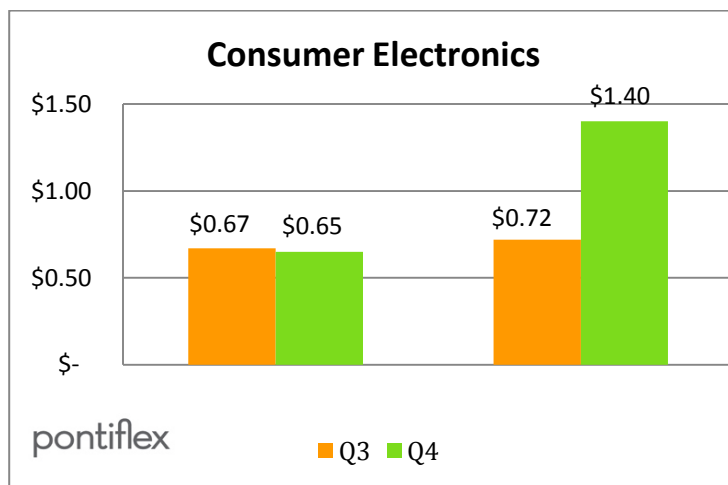
In the health category, advertisers generally collect premium fields to learn more about the medical history of the consumer (Are you allergic to Drug XYZ?)

Lead Engagement Strategy: Health

Health marketers focused on being able to provide timely information updates and drives sales of products.

Examples: iGuard and Eldercare Link used CPL advertising to acquire the contact information of consumers interested in their specific services and follow up in a timely manner.

Consumer Electronics

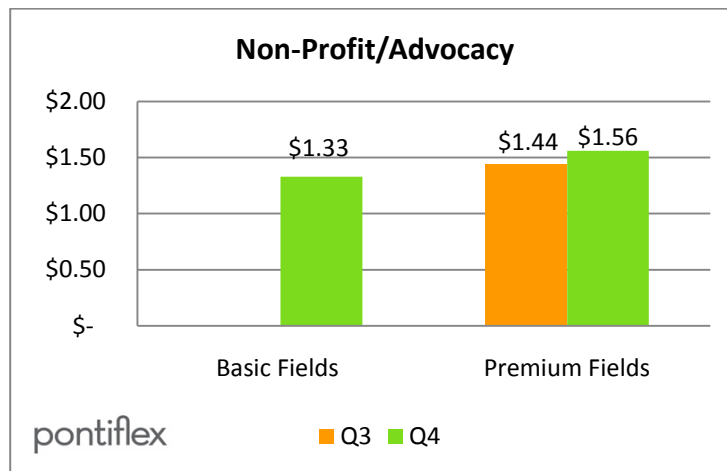


Lead Engagement Strategies: Consumer Electronics

Marketers in the Consumer Electronics vertical used CPL advertising to run promotions and build customer loyalty.

Examples: Blackberry sent marketing leads information and deals via targeted e-newsletters. HP used CPL advertising to drive adoption of a free trial for the Snapfish photo album suite.

Non-Profit/ Advocacy



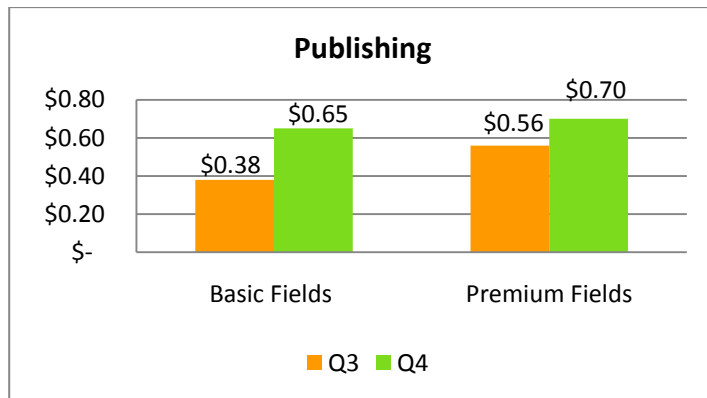
Source: Pontiflex Internal Research, Dec. 2009

Lead Engagement Strategy: Non-Profit/Advocacy

With the success of the Barack Obama's 2008 Presidential campaign, non-profits and advocacy groups have increased the use of the Internet to inform people, mobilize communities for specific causes, and drive donations.

Example: The ASPCA and Save the Children used CPL advertising to increase awareness via social media marketing and build their newsletter followings.

Publishing



Source: Pontiflex Internal Research, Dec. 2009

In the second half of 2009, publishers of magazines and Websites used CPL advertising to grow their subscriber bases. With a bigger audience base, publications were able to charge a premium to advertisers for Website and newsletter inventory.

Lead Engagement Strategy: Publishing

Example: Publications that used CPL to increase subscriber bases include Popular Science and CFO Magazine.

Research Methodology

The Pontiflex CPL Benchmark Study was compiled for the time period July 1, 2009 – December 31, 2009 across a sample of 807 publisher Websites. The leads for campaigns included in the report were non-incentivized, opt-in and purchased on a Cost-per-Lead pricing model. The consumer sample includes adults 18+ in age who live in North America. The lead data in this report does not account for the recent adoption of CPL advertising by emerging media. Please note that the CPL for these media may be higher or lower than the data included in the report depending on intent, content and media type.

About Pontiflex

Pontiflex offers advertisers a single point of connection to the entire performance advertising market. Through Pontiflex, advertisers can run ads on Websites, social networks and mobile apps, and connect to the right people no matter where they are.

Pontiflex enables advertisers to run ads on a Cost-per-Lead (CPL) pricing model. Advertisers pay only for people that have signed up for their advertisements, and not for wasted clicks or impressions.