

# The Pontiflex Email and Social Acquisition Report

## Q2 2010

### CPL Benchmarks Across Industry Verticals

## Introduction

In 2010, the advertising industry has seen a shift from buying anonymous impressions to acquiring user data. Once upon a time, publishers and advertisers alike measured their success through site traffic numbers.

However nowadays, companies like Facebook, Twitter and Pandora are pegging their growth and profitability to an increase in their user bases. And it's not just publishers that have hopped on to the user data bandwagon. Brand marketers from Fortune 500 brands like Tommy Hilfiger, BabyCenter, Hotels.ca (part of the Expedia group), Nautica and national non-profits like the ASPCA, Care.org and AARP are increasingly focused on acquiring the user data (name, email, social networking handle, etc) of motivated consumers for their email communities, Facebook fan pages and Twitter groups. By acquiring user data and learning about the likes and dislikes of people, advertisers can talk to their community members in a relevant way and boost branding metrics like aided/unaided awareness, recognition, advocacy and purchase intent.

There are five primary ways advertisers and publishers can leverage opt-in methods to acquire the user data of people interested in their brand:

1. *A site registration page.* Users fill out a form and submit their user data.
2. *The Facebook Registration + Login Plug-in.* When users click on the plug-in, the Facebook information they have opted to share from their profile is sent to the advertiser or publisher.
3. *Open ID Plug-In:* Open standard that imports user information from a Google, Yahoo!, LiveJournal, Flickr, Orange, Mixi or MySpace accounts.
4. *A banner or a search ad* directing people to a site landing page. Users fill out a form and submit their information.
5. *A sign-up ad.* Users enter their information inside the ad or on the publisher site. User information is sent from the publisher to the advertiser via the backend.

This report looks at benchmarks for acquiring user data through CPL sign-up ads.

In the fourth edition of the Pontiflex CPL Report, we will look at:

1. CPL sign-up ads: Overview
2. Pricing and Market Dynamics: Q2 2010

3. How advertisers are engaging users acquired through sign-up ads.
4. Pricing trends by industry vertical. For the first time, we will also outline the number of people that have submitted their information through sign-up ads by industry vertical.
  - i. CPG
  - ii. Travel
  - iii. Retail
  - iv. Non-Profit
  - v. Health
5. Methodology

## **Sign-up ads: An Overview**

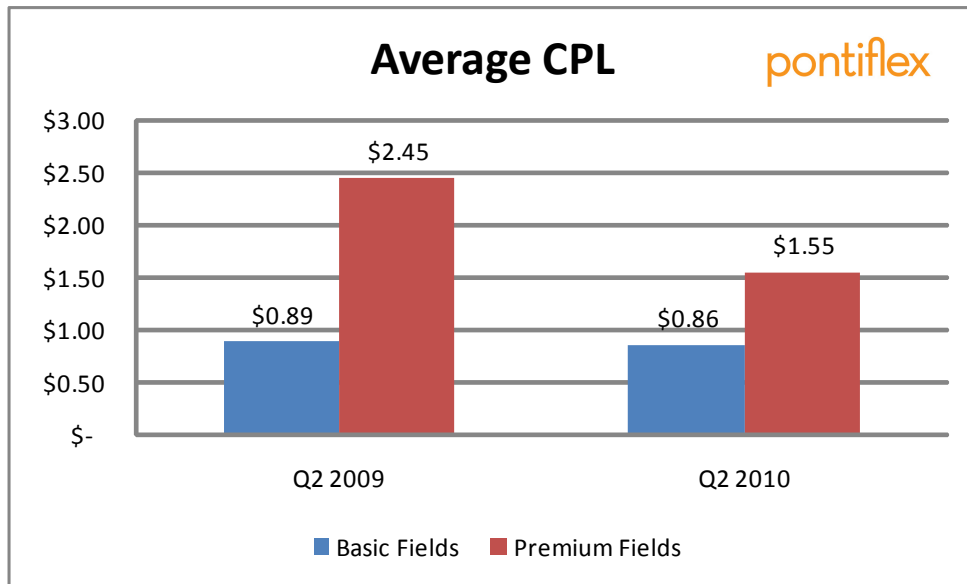
In display banner and search advertising, users click on an ad and are taken to a landing page. In a sign-up ad, people enter their information directly inside ads on online websites or mobile/social apps. User data is then sent from the publisher to the advertiser in a secure and encrypted manner in real-time. Once advertisers receive this user data, they can immediately continue the conversation via email, Facebook and Twitter.

In CPL sign-up ads, advertisers pay only for the user data of people who have expressed interest in their products and services.

There are two levels of user data that advertisers can collect through a sign-up ad:

1. Basic Fields – Basic fields contain basic information, such as first name, last name, email address and postal address.
2. Premium Fields – Premium fields contain more detailed information, such as:
  - a. Telephone numbers
  - b. Twitter handles
  - c. Custom questions such as, “Have you traveled to Hawaii in the last year?”
  - d. Geo-targeted information

## Pricing and Market Dynamics: Q2 2010



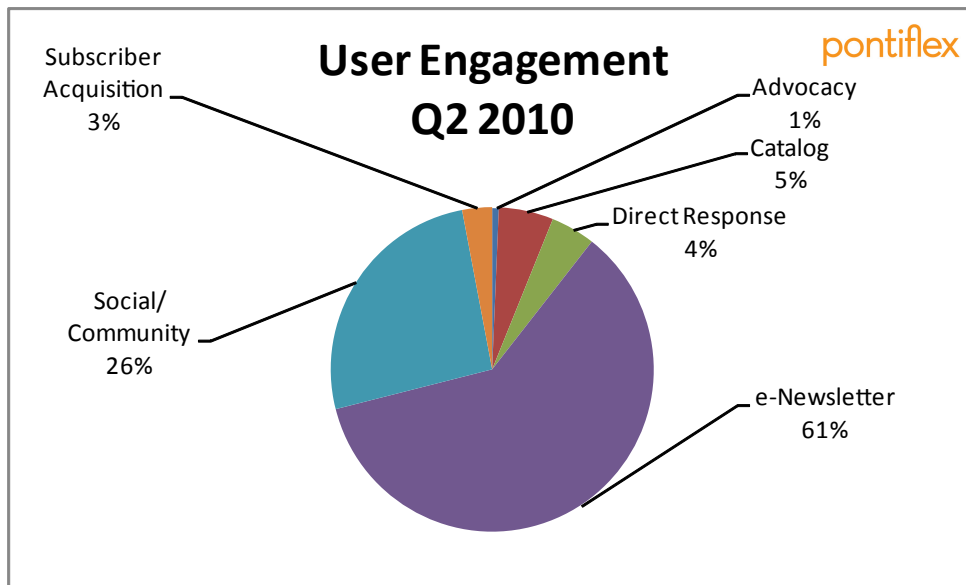
From Q2 2009 to Q2 2010, there was a 3.37% reduction in the price of sign-ups with basic fields. This can be directly attributed to an increase in the number of Fortune 500 brands and national non-profits that deployed sign-up ads to capture user data.

A more recognizable brand will result in a lower price. Publishers typically price sign-up ads based on the estimated number of people they think will sign up for the offer. Ads that are estimated to generate more sign-ups will be offered to advertisers at a lower price. Brand recognition is an important factor influencing sign-ups – generally speaking, people are more willing to give their information to more recognizable brands. Brands that deployed sign-up ads in Q2 2010 include household names such as Tommy Hilfiger, Heinz Smart Ones, the ASPCA, BabyCenter, WebMD and Nautica among many others.

Compared to Q2 2009, there was a 36.73% decrease in the price of sign-ups with premium fields. This can be attributed to the fact that advertisers are collecting fewer fields up front (when the consumer is new to the brand communications), and asking consumers for more information over a period of time, once trust has been established through relevant communications – be it through email, Facebook, Twitter or a brand community site.

## How Marketers are Engaging People

In this section, we will examine the different ways advertisers start and continue a conversation with people once they've obtained the user's data – via email, social networks, catalogs, or other methods.



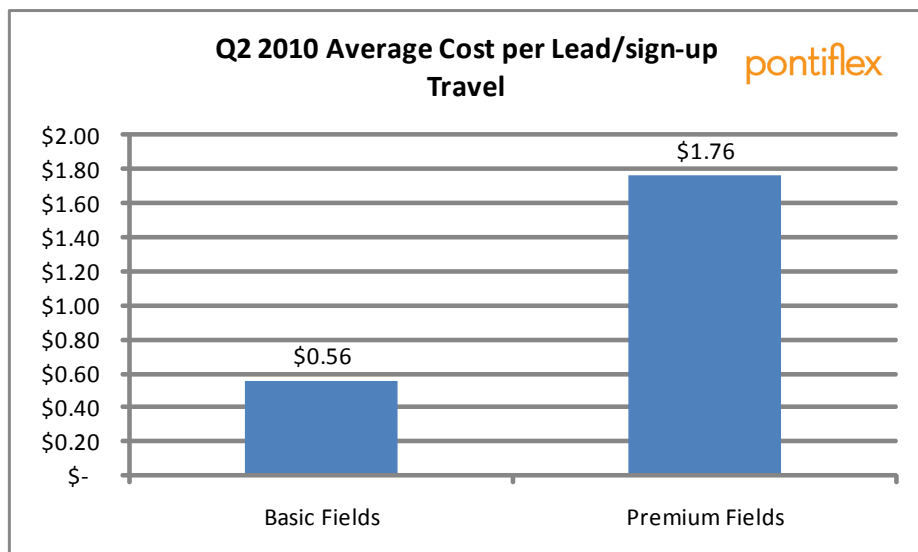
In Q2 2010, 61% of advertisers engaged users who had signed up for their ads via email.

This is not surprising. People generally prefer to get to know a brand via email before talking to them on social networks. A 2009 September Harris Interactive study found that 96% of US online adults preferred to receive marketing messages via email. Only 12% of people preferred to give their social networking handle to advertisers.

The implications are clear for advertisers – build trust by email, before speaking to people on social networks. To give just one example, by using an “email first, social later” approach, the ASPCA was able to build vibrant social communities. In a one year time period, the ASPCA increased Twitter followers by a factor of 25X and grew its Facebook fan base by 152%.

## Average Cost-per-Lead/Sign-up and the number of people who submitted user data by industry vertical.

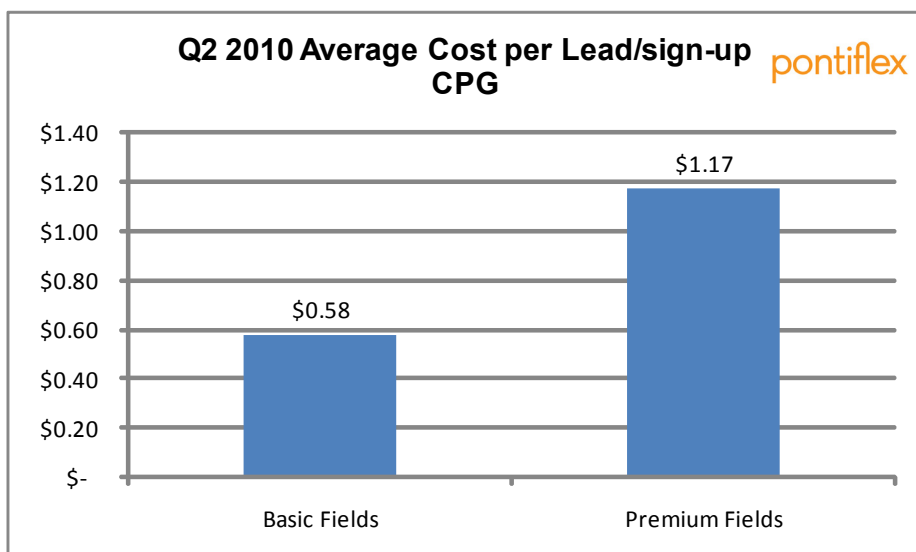
### Travel



In Q2 2010, 2,123,428 people submitted their user data to travel companies through sign-up ads.

Hotels.ca used an e-newsletter with travel deals as the engagement vehicle, while Tennessee Tourism mailed out a catalog.

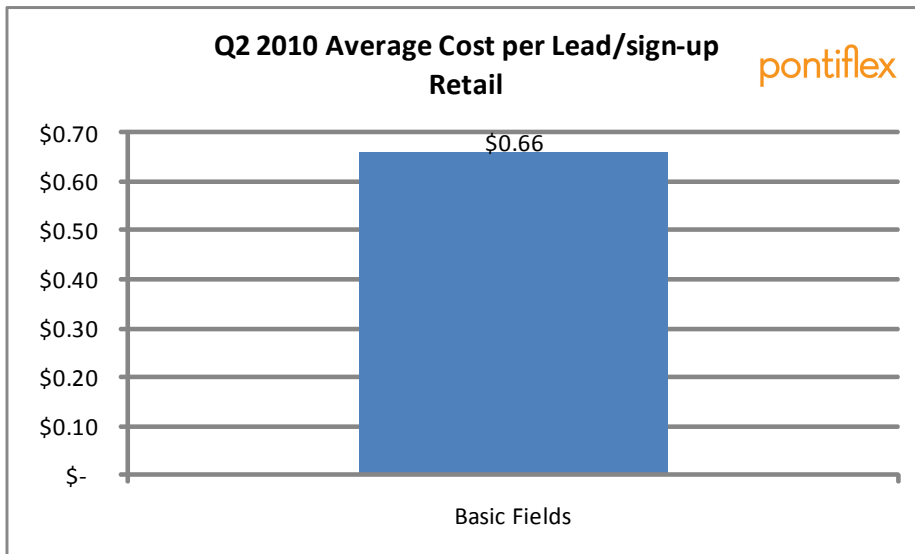
### CPG



In 2Q 2010, 549,035 people submitted their information to CPG companies through sign-up ads.

PetPlace.com engaged pet lovers acquired through sign-up ads via a newsletter. BabyCenter provided moms with information and resources on its community site.

## Retail



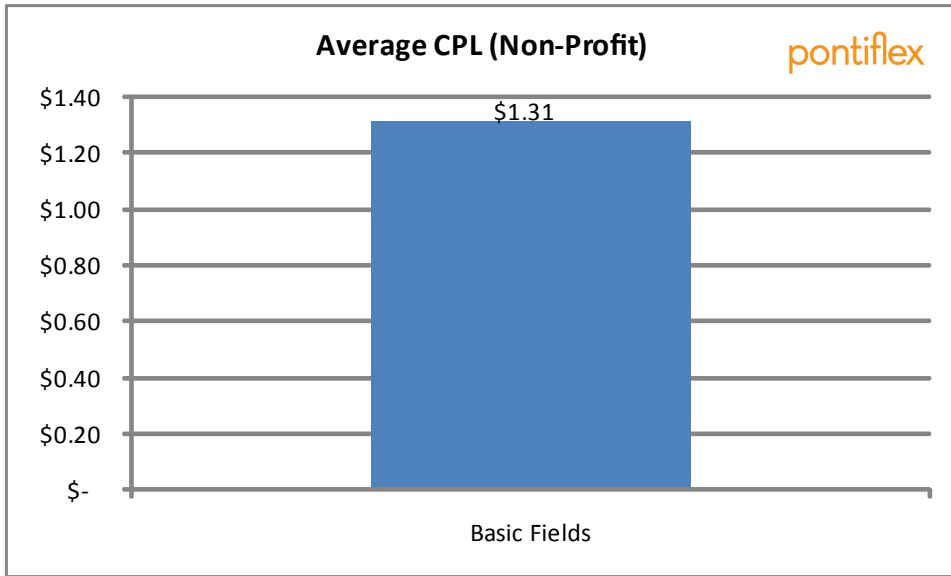
Consistent with the trend displayed in the last three CPL reports, retailers collected only basic fields.

In 2Q 2010, Nautica and Tommy Hilfiger engaged users through e-newsletters with exclusive product information and deals.

## Non-Profit/Advocacy

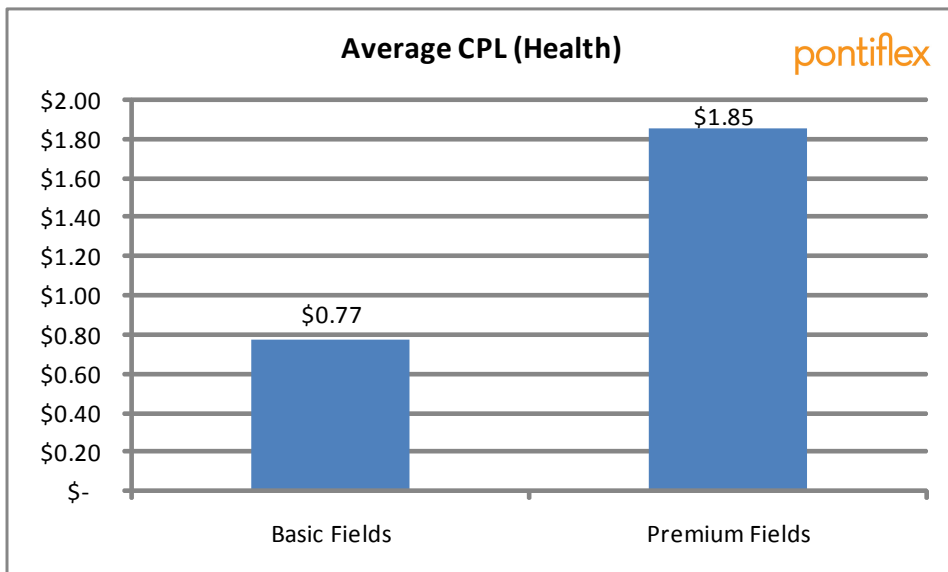
In Q2 2010, non-profits and advocacy organizations collected only basic fields, in keeping with the best practices for sign-up ads.

173,065 people signed up for a non-profit organization or a cause in the second quarter of 2010 through a sign-up ad.



AARP.org and Oxfam engaged sign-ups for advocacy through multiple engagement vehicles.

## Health



In Q2 2010, 306,296 people gave their information to health companies through sign-up ads.

Web MD engaged users through a newsletter giving custom health information. The Alzheimer's Association built a community at ALZ.org.

## **Research Methodology**

The Pontiflex Q2 2010 Email and Social Acquisition Report was compiled for the time period April 1, 2010 to June 30, 2010 across a sample of 962 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. Data for this report was compiled from campaigns that had a minimum spend of \$5,000 over the aforementioned three month time period. 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 is the industry's leading email and social acquisition platform.

Pontiflex's patent-pending technology makes advertising relevant by connecting people to the brands that matter to them. Pontiflex lets people sign up for ads on Web sites, social media apps and blogs and get deals and information from brands and organizations that they like. Advertisers only pay for sign ups – the actual data from people who have chosen to hear from them.

Be it moms who sign up for the Kimberly-Clark HUGGIES “Enjoy the Ride” Loyalty Program, pet lovers who sign up to help save animals with ASPCA, or shoppers who sign up to get fashion insider information from Tommy Hilfiger, millions of people use Pontiflex every day to receive the right ads from their favorite brands and organizations.