

The Six Best Practices for Building Responsive Email Lists with Performance Advertising

Introduction

In recent years, email marketing has experienced a renaissance among both direct response and brand advertisers for two simple reasons: email provides high ROI (Return on Investment) and it serves as a powerful engagement channel.

Direct response marketers use email lists to remarket to consumers, boost returns, and drive revenue. According to the Direct Marketing Association, email marketing generated an ROI of \$43.62 in 2009 (that's very little compared to estimates from industry experts like Engauge Chairman Stan Rapp and Smith-Harmon's Chad White, who estimate the ROI from email marketing to be as high as \$118 and \$130, respectively).

Brand advertisers are investing against email subscriber acquisition programs because the inbox is both an engagement platform in its own right, and a vehicle that directs consumers to other important touch points, from social networks and community groups to loyalty and rewards programs. As marketers move from a broadcasting model to an engagement model, studies show that email is the first step toward building a social dialogue with consumers. According to a 2009 Harris Interactive survey, 96% of online adults are willing to share their email addresses with advertisers to receive information or offers. In contrast, only 12% of online adults are willing to share social networking information (such as a Twitter or Facebook username).

The challenge that both direct response and brand advertisers face, however, is how to acquire the right kind of email subscribers quickly and cost-effectively. This white paper focuses on the six best practices for building responsive email lists through online performance advertising. It also provides insights into the subscriber acquisition strategies of leading Fortune 500 companies and national nonprofits.

Step 1: Add Cost-per-Lead Advertising to Your Marketing Plan

As an online marketer, there are three different pricing models that you use to build your email list:

- CPM (Cost-per-Thousand): marketers pay for impressions. CPM is typically used to purchase third party lists or run display banner campaigns.
- CPL (Cost-per-Lead): marketers pay only for leads, or sign-ups - and never for wasted impressions or clicks.
- CPC (Cost-per-Click): marketers pay for clicks. CPC is typically used to run paid search campaigns.

With CPM advertising, there is no guarantee that you will achieve results. That's why it is no surprise that performance media, like CPC and CPL, are growing at the expense of CPM. In the latest IAB/PWC Internet Advertising report, performance advertising represented 58% of all ad revenue in the first half of 2009, while CPM accounted for only 38% of the overall spend.

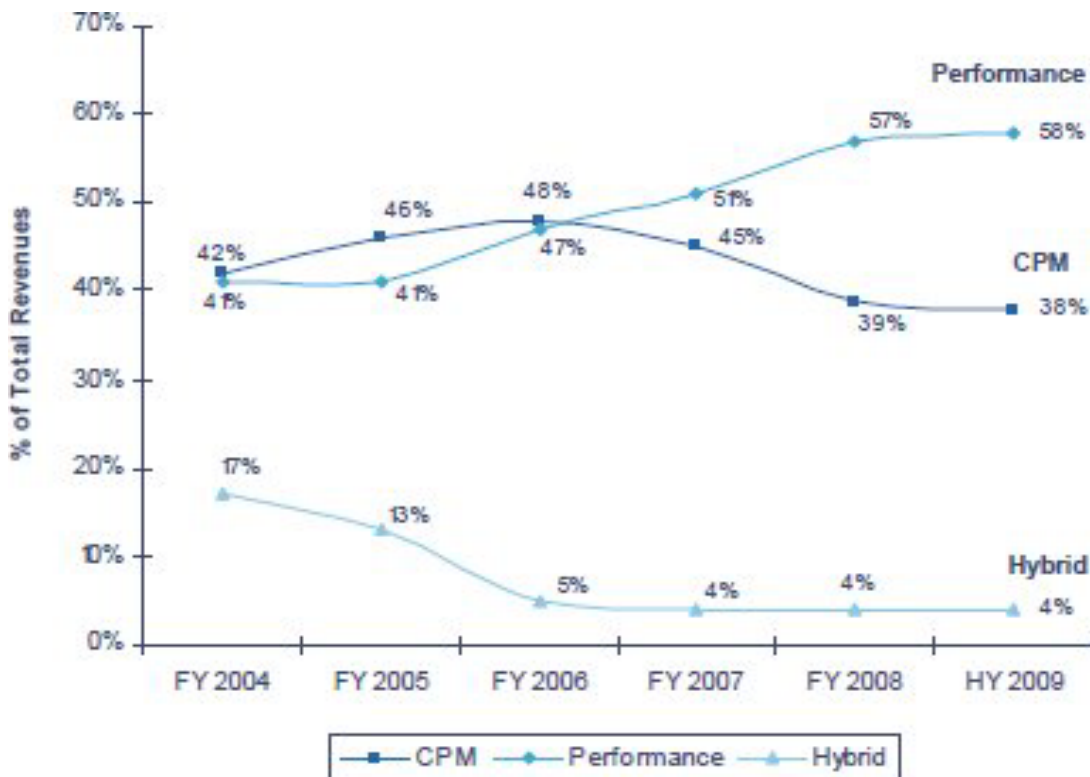
"CPC pricing models are a placeholder for CPL."

Daniel Taylor
Senior Analyst



"In terms of timeliness and the ability to reach the right consumer, CPL advertising is right up there with search."

Kate Jonson,
Personal Care
Marketing Manager



CPC advertising addresses some of the ROI challenges of CPM. However, with rising keyword costs, high drop off between clicks and sign ups, and campaign reach that is limited to searchers, you need to go beyond the CPC model to take your email acquisition program to the next level.

CPL advertising allows you to round out your marketing plan by giving you the following advantages:

- High ROI: In Cost-per-Lead campaigns, you pay only for qualified, new-to-file email addresses, not for impressions or clicks. Using

CPL, you're guaranteed subscribers - without the risk of CPM and CPL advertising.

- Expanded reach: While search is effective at "pulling" consumers toward your advertising, what about people who aren't actively searching for your product or service? CPL adds a "push" element to your campaign and allows you to reach a universe of non-searchers.

With CPL advertising, you reach a broad audience of interested consumers and pay only when you achieve your goals.

What are marketing leads?

As opposed to generic sales leads, marketing leads are specific to a particular brand, and are never resold.

Advertisers using marketing leads to build email lists include:



To connect with interested consumers and grow your email database, you can run CPL direct response ads, CPL display banner ads, or a combination of both.

Below are a few examples of CPL sign up ads:

CPL Direct Response Ad

CPL Display Banner

With CPL sign up ads, people enter their contact information directly inside the ads. There is no room for drop off, and you only pay when someone provides you with a valid email address.

Step 2: Acquire Brand-Specific Marketing Leads

Traditionally, online lead generation has been associated with sales leads (generic leads that

are resold to multiple advertisers). Marketing leads are brand specific and never resold. In a marketing leads campaign, you build your subscriber list with engaged people who have raised their hands to hear from you.

According to eMarketer (September, 2009), "Rather than turning to brokers of generic sales leads, marketers can entice consumers to opt in based on specific ads - and pay only for valid sign ups."

By their very nature, marketing lead campaigns help you connect to people with a high level of intent because users explicitly sign up to hear more from your brand.

Step 3: When Running a CPL Campaign, Ask People to Provide Just the Basics

You will always have the option of collecting whatever information you need to meet your marketing goals. However, from both cost and user-experience perspectives, collecting less information upfront serves marketers well.

You can collect two kinds of marketing leads:

1. Leads with basic fields: People provide basic information such as first name, last name, email address, and postal address.
2. Leads with premium fields: People provide more detailed information such as telephone number, Twitter username, answers to custom questions such as, "Have you traveled to Hawaii in the past year?," and geo-targeted information.

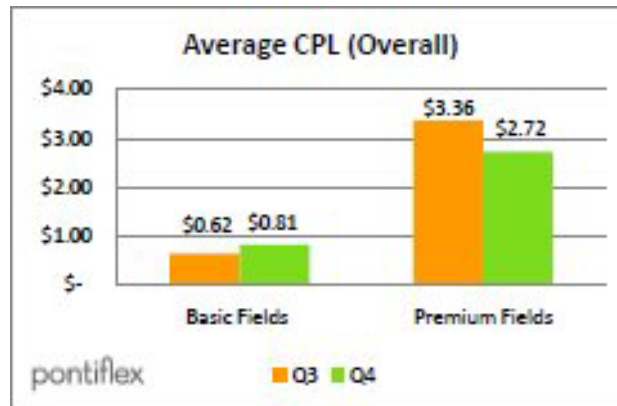
“For Dunhill Vacations, leads purchased on a Cost-per-Lead (CPL) basis have outperformed any banner or search campaigns.

Our open rates have increased by more than 30% in the past nine months due to our CPL initiatives with Pontiflex. Our engagement level (CTRs) within our subscriber base has increased by more than 35% as well.”

Kurt Homfelt
President & CEO
Dunhill Vacations



Based on average Cost-per-Lead across industry sectors, you can see that acquiring an email address with CPL advertising is significantly less expensive than it is with CPM and CPC advertising. However, please note that collecting leads with premium fields typically increases both drop-off and Cost-per-Lead.



Source: Pontiflex Internal Research, Dec. 2009

As a general rule, you should collect basic consumer information (such as name and email address) upfront - and build a relationship with your base through email marketing - before asking for more detailed information.

Step 4: Insist on Transparency

In order to run a successful email acquisition campaign, transparency is critical. You need to know exactly where your ads are running. This ensures that your ads are on contextually relevant sites, protects you from showing up on sites that may hamper your brand equity, and helps you optimize campaigns by tracking leads back to their sources.

Just as you need detailed reporting in order to optimize any online banner or search campaign, you need to know precisely where your marketing leads are coming from so that you can turn up spend on well-performing publishers and reduce spend on poor-performing sites.

Case Study: Dunhill Vacations

About Dunhill Vacations:

Dunhill Vacations is one of the fastest growing travel websites on the internet. It promotes travel deals and discounts to a large eNewsletter subscriber base.

Challenge:

With high profile clients like Royal Caribbean Cruise Lines, Marriott - Hotels, Jet Blue, Fairmont Resorts, and more, Dunhill strived to constantly find subscribers that fit the diversity of its advertisers and their offers. The travel marketer needed to run ads on sites that specifically catered to audiences with a propensity/interest in leisure travel in order to build a responsive newsletter list that performs well for its clients.

"Acquiring leads from qualified consumers is important, but it's only half of the online advertising puzzle. It's especially important to Coldwater Creek that we are able to follow up with these consumers in a timely manner to create deeper and more meaningful relationships."

Brian Sturgis,
Manager, Affiliate
and Search
Coldwater Creek



The Pontiflex Solution:

Because of Dunhill Vacation's sophisticated segmentation strategy, transparency was a must. By providing transparent reporting by publisher, Pontiflex was able to help Dunhill acquire the right audience and increase open rates by 30% over nine months.

Step 5: Choose Openness

When building an email list, there are two important factors that seem, on the surface, to be at odds with each other.

On one hand, you need to acquire the most qualified subscribers. On the other hand, you need to make sure that your database is large enough to be meaningful. In order to accomplish both, you need a solution that allows you to simultaneously connect with people who are interested in your brand, and get your message across as wide an audience as possible.

Because transparent CPL advertising connects you to people with high intent, you can be confident about the quality of your list. However, to maximize reach, you need to work with companies that provide you access to the whole market. Doubleclick provides you with a gateway to the majority of the display advertising market. Google gives you access to over 70% of the search market. Pontiflex grants you a single point of connection to the entire Cost-per-Lead market. This means that you can set up, manage, and optimize campaigns across the entire CPL marketplace to achieve the widest campaign reach possible.

Step 6: Respond to Leads in Real-Time

The key to making sure that your leads stay engaged is to follow up immediately after someone signs up. For email marketers, the first impression can be the last impression. Start your email relationship off on the right foot by using auto-responders - real-time, automated welcome emails that are delivered to each new member of your database. Auto-responders eliminate any delay or disconnect between the sign up and the inbox.

Here are a few tips for designing auto-responders.

- Focus on clarity: Clearly state what the person has signed up for. If possible, specify where they saw your offer (another reason transparency is key). Include a clear call-to-action.
- Send lead data to your database in a timely manner: Make sure your backend system is set up so that the email addresses you acquire are immediately added to your database. This enables the auto-responder to work in real-time. Remember that in a world where people are often overloaded with information, even a few minutes can impact your success. Wait a few days, and your message could be condemned to the depths of oblivion.

- Measure and optimize: Always include trackable links in your auto-responder so that you can track performance post-transmission. This extends your view into the ROI of your campaign from end to end and helps you adjust messaging as needed for future marketing communications.

- Customize: As any savvy email marketer knows, segmentation is the lifeblood of any strong campaign. As much as possible, segment your database and send relevant content depending on your audience. Create follow up marketing campaigns to leads who have not followed through with registration or purchase. (If needed, provide an extra push - coupons or special offers - to help drive acquisition. Tweak the subject line to help clarify the offer or promotion that people have signed up for and, to the extent that you are able, personalize the message to the individual recipient.

With the Pontiflex AdLeads system, you can run your CPL campaigns, send out auto-responder emails in real-time, and gain end to end insights. Through one centralized dashboard, you can see not only how well individual publishers perform, but view auto-responder metrics like email open rates and click rates by source.

By following the six best practices outlined in this paper, you can easily, and cost-effectively, build a responsive email list. With an online marketing program that allows you to pay only for brand-specific, qualified sign-ups, and gives you openness, transparency, and coordinated follow-up, subscriber acquisition has never been simpler. It's for reasons like these that advertisers like the 2008 Barack Obama Presidential Campaign, Kimberly-Clark, Dell, Disney, HP, Blackberry, NewEgg, UNICEF, The ASPCA, and many more marketers have added CPL to their subscriber acquisition programs.

About Pontiflex

Pontiflex offers advertisers a single point of connection to the entire performance advertising market. Through Pontiflex, you 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. You pay only for people that have signed up for your advertisements, and not for wasted clicks or impressions. For more information, or to get your CPL campaign started today, contact info@pontiflex.com or call 1.800.420.6086.