

3 Ways to Maximize Online CPL Advertising ROI

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Online marketers can leverage the best of both the CPM/CPC and CPL worlds: enable reach, optimization and relevancy, while paying exclusively for leads

Executive Summary

In an economic climate marked by uncertainty, online marketers are increasingly investing a greater amount of their advertising dollars against CPL (Cost per Lead) online lead generation campaigns.

CPM (Cost per Thousand Impressions) campaigns promise eyeballs, while CPC (Cost per Click) campaigns deliver clicks. In either scenario, there is no guarantee that impressions and clicks will convert into qualified leads. In contrast, marketers pay exclusively for leads in a CPL campaign.

On the other hand, because the online lead generation market suffers from a lack of openness and transparency, CPL marketers cannot enable important criteria available in CPM/CPC campaigns:

1. *Reach*: Gain visibility into publishers and networks in the media plan.
2. *Optimization*: Map leads to their respective sources and increase spending against the best performing media venues.
3. *Relevancy*: Generate leads that are appropriate for the advertiser brand.

This white paper will examine how online marketers can leverage the best of both the CPM/CPC and CPL worlds: enable reach, optimization and relevancy, while paying exclusively for leads that fuel the sales pipeline and drive business.

Market Dynamics

The online lead generation advertising segment is growing at 71%YTY, more than twice the rate of the overall advertising market. It is expected to reach \$2 billion in 2008.

That said, the lead generation market is reminiscent of the Wild West – the promise is large, but the rules are few. As a result, online lead generation has often been in the news for the wrong reasons.

In the absence of effective self-regulation, less than scrupulous marketers have been guilty of deploying spurious incentives to generate leads, a practice that has attracted the wrath of none other than the mighty Federal Trade Commission (FTC).

The primary factor behind the FTC's consternation is the lack of transparency in online lead generation advertising. The lack of transparency has consumer privacy groups up in arms. It has also hampered advertiser insight into campaign planning and performance.

CPM and CPC advertisers can approach publishers and networks directly and set up campaigns with them. This seemingly simple task is near impossible in the world of CPL advertising.

Unlike CPM and CPC marketers, CPL advertisers have no planning resources that allow them to access a listing of lead generation publishers and networks. As a result, advertisers are forced to go through third party brokers and agencies to deploy lead generation campaigns.

Because advertisers have no insight into where their offers are running, they cannot map leads to their respective sources, and make informed optimization decisions.

Finally, in the interests of maximizing revenue, some brokers and networks sell one lead to multiple advertisers. Typically, these leads are associated with a category (finance) as opposed to a particular brand (Well Fargo). Generic leads are not brand specific, and consequently tend to have a lower conversion rate. Furthermore, many advertisers compete for one lead, dropping the conversion rate even further.

This white paper will examine how advertisers can enable reach, optimization and relevancy in their lead generation marketing efforts so as to combine the best of the benefits offered by both the CPM/CPC and CPL worlds of online advertising.

Enabling Reach

The Problem

Understanding of campaign reach is fundamental to the success of a campaign – online or offline. At the front end of the planning process, duplicated and unduplicated reach analysis enables marketers understand the audience aggregated by individual media venues across the entire campaign.

The importance of reach explains why TV and radio planners place a high emphasis on ratings, why print publications emphasize circulation in their media kits, and why ad sites and networks have developed a variety of metrics to measure impressions, visitors and unique visitors.

The broadcast and print industries have evolved over a long period of time. Marketers can access databases developed by Nielsen, SRDS, MRI and SIMMONS among others to learn about available media venues, and their capabilities in terms of delivering duplicated and unduplicated audiences. Similarly, Nielsen, @Plan and Comscore enable an understanding of reach for CPM media planners.





For search campaigns, advertising on a relatively few number of media venues guarantees access to nearly all the available universe. In addition, the major search engines disclose their member sites (on which search advertisements will appear), enabling advertiser visibility into the target universe.

The same cannot be said of the CPL advertising market, which is by and large devoid of transparency.

Advertisers often don't have information about the venues on which their offers will appear. This affects the understanding of important quantitative metrics.

Understanding of campaign reach is fundamental to the success of a campaign.

Offline and CPM campaign planners have access to a wealth of resources to understand campaign

What's more, the lack of transparency also affects the evaluation of qualitative criteria such as publisher credibility and contextual relevance. Qualitative criteria are especially important in instances where the advertiser's brand positioning requires that it be associated only with premium publishers or very specific types of placements. To give just one example, a luxury brand would not want its advertisements to run on sites that offer sub-prime mortgages.

"During the planning process it is a chore to find potential lead providers in the first place, let alone being able to predict new source performance with any measure of reliability," says Samantha Robinson, Sales Director at Publicitas. "An informative guide to the best lead providers in the space would therefore be an invaluable resource."

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*Samantha Robinson,
Sales Director, Publicitas*

Solution

The biggest problem driving the lack of transparency in the lead generation industry is the availability of a resource that provides a listing of publishers and networks offering lead generation opportunities.

Such a resource would be the equivalent of the Standard Rate & Data Service Directory (SRDS), and could be utilized by marketers and media planners to select media venues that would be appropriate for their brand.

A directory that lists lead generation publishers and networks will allow advertisers to:

1. Search for publishers and networks offering lead generation advertising opportunities by name and by industry category.
2. View important publisher and network details such as industry verticals served, member sites and relevant audience demographics where available.

3. View important lead generation metrics such as number of leads generated/day, CPL, etc.
4. Ascertain whether campaign publishers and networks are contextually relevant for their brand.

Through the Pontiflex GENList, advertisers can drill down into each publisher/network listing to get more detail on important campaign parameters such as CPL, number of leads available, etc.

To date, the lack of transparency has made such a seemingly basic directory impossible in the online lead generation world. However, such a regressive state of affairs cannot be sustained. The stakes are too large not to satisfy advertiser demand in this regard.

In 2006, Google had to open up its content network to satisfy advertiser demand. In the lead generation industry, Pontiflex has provided marketers a publisher directory to enable insight into campaign reach.

The Pontiflex GENList Publisher Directory provides advertisers with a listing of leading publishers and networks offering lead generation opportunities in the industry. Advertisers can leverage the directory to bypass third party brokers and find publishers by name or industry category.

The Pontiflex GENList functions as a useful planning tool - its algorithm issues publisher recommendations for every campaign based on advertiser goals and historical data.

Detail is key during the media planning process. Through the Pontiflex GENList, advertisers can drill down into each publisher/network listing to get more detail on important campaign parameters such as CPL, number of leads available, and daily caps among a host of other important campaign parameters.

In addition, advertisers can check if campaign publishers and networks are credible and contextually relevant for their brands.

Even publishers and networks benefit from the Pontiflex GENList. Because the Pontiflex GENList is open, all publishers and networks offering lead generation opportunities can get listed on the directory. This allows them to be easily discovered by advertisers. In this manner, the Pontiflex GENList directory becomes a revenue stream for publishers and networks.

The Pontiflex GENList also allows publishers and networks to understand how their offerings are delivering value to advertisers – invaluable information as they develop future offerings.

“The Pontiflex GENList Publisher Directory is truly game-changing,” says Ms. Robinson. “Now I can identify lead generation publishers in the marketplace, and set up campaigns with them. The GENList Directory is a must have planning resource for marketers looking to understand how their campaigns are deployed.”

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Enabling Optimization

The Problem

Lack of transparency doesn't merely affect understanding of campaign reach – it also affects campaign optimization. One of the most basic functions of ROI focused marketing is to continually evaluate the performance of different venues on a media plan, and increase investment against the better performing media properties.

Advertiser demand for greater transparency in terms of optimization is not new, or limited to the online generation market. In 2005, advertiser demand for better optimization capabilities caused Google to provide Placement Performance reports that outlined site-by-site performance metrics for the content network. Google provided domain, URL, impression, click, conversion and cost data – as well as aggregated metrics for traffic generated from AdSense.

If online lead generation marketers were equipped with venue-by-venue comparison data, they would find it easier to:

1. Increase investment against venues that deliver comparatively lower CPLs for equivalent lead quality.
2. Increase investment against venues that deliver the best conversion rates – i.e. the percentage of leads that actually convert to sales.

Equipped with venue-by-venue comparison data, advertisers can target media venues to exclude from their campaign, or heavy up on the better performing publishers with additional targeting. Equally important, given the tight inter-linkages between multiple marketing media vehicles, they can leverage insights from media venue performance in order to fine-tune other tactical channels.

As the lines between offline and online channels blur, transparent optimization is one of the most compelling reasons for marketers to take the leap into deploying online lead generation campaigns.

Getting insight into campaign performance is important – having the ability to turn campaigns on and off based on these insights is even more so. Unfortunately, third party brokers and agencies make transparent optimization impossible.

The Solution

The ideal solution will enable advertisers to map publisher/network performance directly to each media venue with a high degree of transparency. The Pontiflex GENList allows for transparent optimization on both the front end and back end of the campaign.

Every campaign that is set up through the Pontiflex GENList directory is automatically displayed on the campaign management console. Through the management console, the advertiser can access real-time metrics and reporting for every publisher on the campaign.

To further campaign efficiencies, the Pontiflex campaign management console integrates easily and seamlessly with the backend system of the advertiser. These include Salesforce.com accounts, email databases, call center systems and CRM solutions.

Tying in the backend system to the front-end lead management system enables the advertiser to gauge the performance of each media venue on important metrics such as sales readiness, quality of leads and the all important cost/sale metric.

What's more, the Pontiflex campaign management console also gives advertisers the capability to turn campaigns on and off using prominently displayed buttons next to each placement. When an advertiser turns a campaign "OFF", the lead management system automatically notifies the publisher to disable the campaign within the contracted out clause time period. Pontiflex also adjusts the data transfer, reporting and billing functions to reflect the altered state of the campaign.

Enabling Lead Relevancy

The Problem

The biggest stumbling block to many large advertisers entering the lead generation arena is the lack of ability to generate brand specific leads.

"For the more established companies, it's extremely important that people signing on for an offer are doing so because they are interested in a particular brand," says Ms. Donoghue, Media Director at one of the world's largest interactive agencies. "Most CPL brokers offer generic sales leads. That's simply not good enough for many...no make that any of my clients"

Typical lead generation programs work by generating one lead and reselling it a number of times. Many lead generation networks and exchanges generate generic leads based on demographic and income criteria. They proceed to sell each lead to a multiple number of advertisers. In this manner, most online brokers benefit by maximizing revenue by selling leads to as large a number of advertisers as possible.

While this scenario might be acceptable for companies in certain industries such as the debt or mortgage sectors, it doesn't work for the media departments of large advertiser brands.

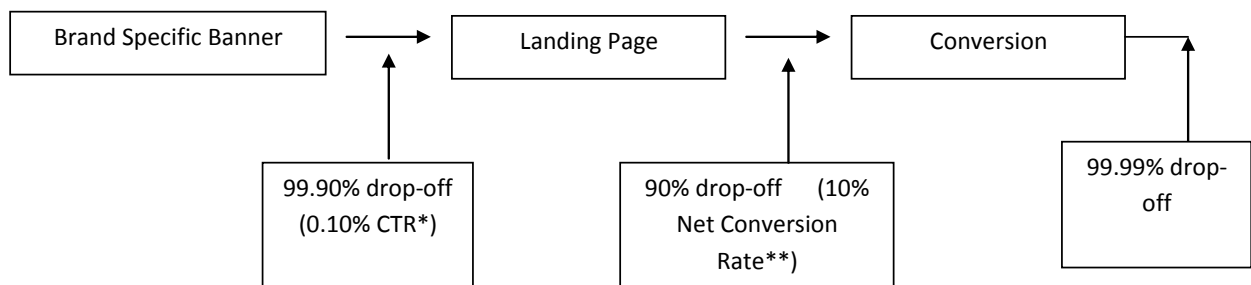


Generic "sales" leads are not optimal for brand relevancy

To give an example, it would not be too far-fetched to suggest that the marketing department at Lexus would be more interested in consumers looking to buy luxury vehicles, while those at Volvo want to market to the safety conscious segment of the automotive purchasing universe. It would be an immense waste of time for both of these companies to pursue leads that they only know to be interested in just "cars."

As any agency professional will readily testify, the act of generating brand specific leads needs the utmost transparency - requiring a confluence of a carefully crafted message and a strategic placement, both based on diligent market research.

The lack of transparency in online lead generation forces many advertisers to resort to online banner advertising to generate leads. Online banner campaigns drive consumers to a microsite or landing page for lead generation. This is a wasteful procedure that has high drop-off rates as illustrated below:



Going by these numbers, an advertiser would have to purchase 1,000,000 impressions to get 100 leads. If one assumes an average CPM of \$10, this would translate into a Cost-per-Lead of \$100.

This is approximately 100X higher than the average CPL of an average b2c CPL campaign. However, this is a premium that advertisers are willing to pay, because they acquire leads that:

- a) Are relevant to the brand
- b) Derived from a known source, and
- c) Are more likely to deliver a higher conversion rate.

*, **Pontiflex Market Research

The Solution

The Pontiflex GENList is transparent, allowing advertisers to bypass third party brokers and connect directly with lead generation publishers and networks. Consequently, advertisers can break free from the limitations of generic leads.

Through the Pontiflex GENList publisher directory, advertisers can connect with publishers, run brand specific offers and map them to specific media venues. The GENList confers upon advertisers the advantages typically offered by transparent CPM campaigns. What's more, since the Pontiflex GENList allows advertisers to pay for leads purely on a Cost/Lead basis, they do not have to bear the costs brought upon by high campaign drop-off rates that are the norm in CPM campaigns.

The Pontiflex GENList enables advertisers to combine the best of the CPM/CPC and the CPL worlds. Advertisers can generate brand specific leads, map them to specific media venues and take advantage of CPLs that are 60%-80% more cost effective than "banner-microsite" lead generation campaigns.

"The Pontiflex GENList has changed the way we look at lead generation," says Ms. Donoghue. "We had a large music client that wanted leads for building a newsletter list. Generic leads would simply not do for them. Using the Pontiflex GENList, we were able to generate brand-specific leads in a really cost-efficient way."

Generic Sales Leads

1. *Industry Specific*
2. *Sold to multiple vendors*
3. *Labor intensive to close (telesales)*
4. *Typical Lead: \$80K HHI, FICO 705, ZIP 10005*

Brand Leads

1. *Relevant for one brand*
2. *Sold once*
3. *Capital intensive to close (remarketing)*
4. *Typical Lead: joe@gmail.com, Joe Public, 11231*

Conclusion

ROI focused marketers are increasingly deploying campaigns that generate leads to fuel the sales pipeline and drive revenue. However, faced with a lack of transparency in the online lead generation market at large, a large number of advertisers haven't embraced CPL advertising. Instead they utilize more transparent CPM and CPC advertising for the purpose of lead generation.

But impressions and clicks don't always translate into leads. In addition, these methods are laden with cost inefficiencies.

The Pontiflex GENList publisher directory allows advertisers to bypass third-party brokers. They can find and connect with publishers in an open and transparent manner. As a result, they can leverage the benefits of transparency typically found in CPM and CPC advertising, while availing themselves of the cost efficiencies of CPL advertising.

Because the Pontiflex GENList publisher directory is transparent, it allows advertisers to:

1. Develop an understanding of the campaign reach.
2. Optimize campaigns by mapping leads directly to the source.
3. Generate brand specific leads.

The transparency enabled by the Pontiflex GENList publisher directory is drawing more and more advertisers and publishers into the CPL fold, thereby enabling online lead generation to deliver on its promise.

About Pontiflex

Pontiflex is the industry's only open and transparent lead generation marketplace. Hundreds of publishers, advertisers agencies and technology providers connect through Pontiflex to make lead generation marketing simple, effective and profitable.

Why pay for clicks and impressions that might not convert to leads? Advertisers can use Pontiflex to pay exclusively for leads that drive business.

For too long, lead generation marketers have been confined by walled gardens and vendor-specific technologies. Now, they can Connect Once™ to Pontiflex and get connected in an open and transparent way to the entire lead generation market.