

October 2009

5 Simple Steps for Online Publishers to Increase Revenue

Executive Summary

According to eMarketer, achieving measurable ROI on marketing efforts is the leading priority for US marketers in 2009. Marketers are interested in more performance-based solutions, such as paying for the contact information of people that are interested in their products or services (i.e. leads), instead of paying solely for impression-based media. Once they have contact information, marketers can engage audiences via newsletters, Twitter groups, social networking sites and other engagement vehicles.

Cost-per-Lead pricing models offer publishers the ability to tap into this demand for performance advertising and maximize revenue. Incorporating performance advertising into the inventory mix is not an "either-or" scenario. Instead, CPL advertising can be used to supplement existing revenue streams and can even be leveraged to up sell CPM advertising.

This white paper covers five simple steps that you can take to incorporate CPL advertisements seamlessly alongside existing CPM/CPC inventory, monetize untapped revenue streams, and connect to premium advertisers like Kimberly-Clark, Blockbuster, Dell, Blackberry, Coldwater Creek and many others.

Advantages of CPM Pricing Models

According to the IAB-PWC 2009 H1 Internet Advertising Report, CPM advertising accounts for 38% of overall advertising revenue.

The large market share of CPM advertising is not surprising. Banner advertising sold on CPM pricing models offer significant advantages to advertisers.

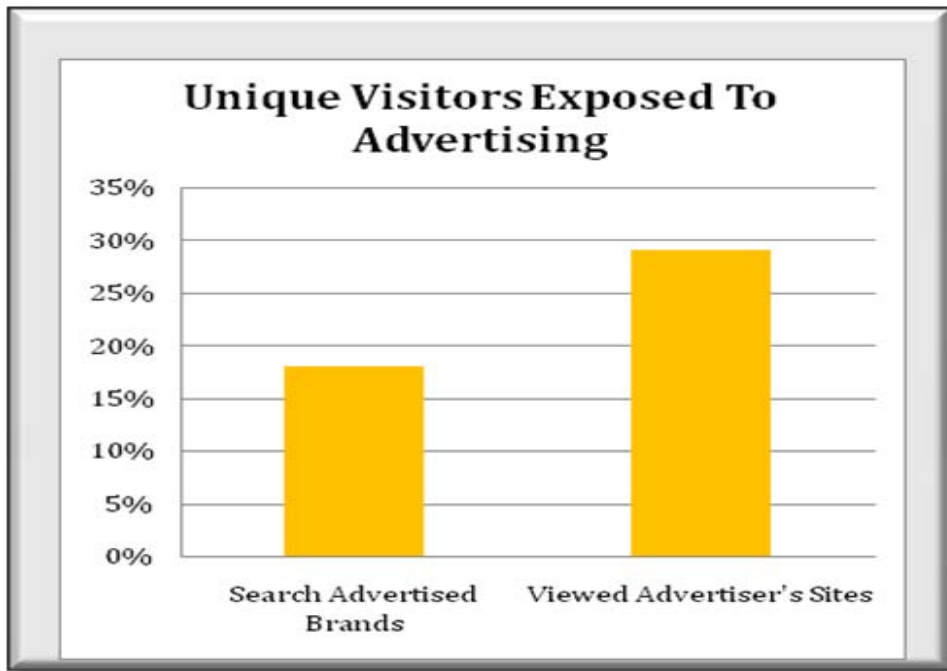
The 2009 OPA/ComScore study, "The Silent Click: Building Brands Online" cited the following benefits of CPM advertising:

- 18% of unique visitors exposed to display advertising searched on an advertised brand
- 29% of unique visitors exposed to display ads visited the advertiser's site
- 14% lift in e-commerce spending by those exposed to related display ads

What people are saying.

"Advertisers will actually pay top dollar for a different kind of access to news readers."

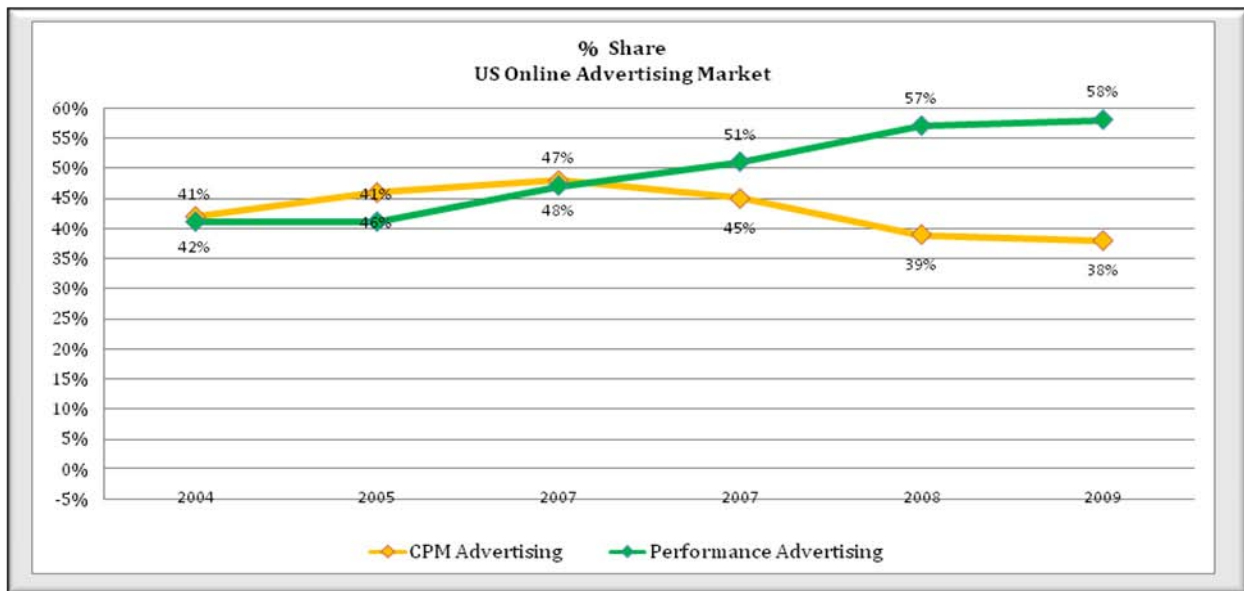




Source: "The Silent Click: Building Brands Online," OPA/ComScore 2009

The Case for CPL Pricing Models

Despite the benefits of CPM advertising, it continues to come under immense pressure. The IAB-PWC 2009 H1 Report states that CPM fell from 45% to 38% of internet ad revenues from 2007 to H1 2009, while performance advertising increased from 51% to 58% in the same period.



Source: IAB Internet Advertising Revenue Report, H1 2009

As advertisers seek to increase returns on their online dollars, this trend is expected to accelerate. According to industry analyst Imran Khan, Managing Director, JP Morgan, “The Internet is more and more a performance driven model.”

Performance pricing models provide you with a simple way to alleviate the strain of price erosion and maximize your online advertising revenue by providing opportunities to leverage the growing demand for increased returns.

Performance advertising does not have to completely replace existing CPM inventory. Instead, you can use performance advertising to supplement existing revenue streams. For example, you can use performance advertising to up sell CPM inventory. By offering results-based options, you can first prove the value of your audience and then up-sell more expensive CPM placements to round out your offerings.

What people are saying.

“Using performance advertising, we are able to show advertisers that we can connect them with the right audience. Once they see the value, they are willing to buy advertising on a CPM pricing model. We estimate that CPL advertising helped us increase CPM revenue in excess of 50%”

Noah Anderson
President & CEO



With the following five steps, you can incorporate CPL advertising seamlessly alongside existing inventory, monetize untapped revenue streams, and maximize revenue.

1. Monetize Inventory Within the Existing Site Framework

Redesigning a site to incorporate a new advertising pricing model is unnecessary, not to mention costly and time consuming. You can easily integrate performance advertising into an existing site, even existing mobile sites and applications, in three simple ways:

a) Monetize the Registration and Transactional Paths

By placing advertising on your registration and transactional paths, user data is collected during the site registration and transactional process, and, with the user's consent, passed on to a specific advertiser. Transactional paths are similar to registration paths except that they occur after a user has already completed a purchase. You can see 2x eCPM or greater on transactional path advertising. In both cases, consumers sign up for the advertiser's offer simply by checking a box.

The image shows a registration form with the following fields: Mr. (dropdown), Your name (text), Email (text), Address (text), City (text), State (dropdown), and Zip code (text). Below the form are five promotional offers, each with a checkbox for 'Yes' and 'No':

- HUGGIES Baby Network**: E-newsletters, coupons, offers and tools, specially designed for the two of you!
- Barack Obama Campaign Events**: Sign-up so that we can invite you to rallies and special events when Barack Obama comes to your town!
- nevada**: With over 300 mountain ranges, Nevada is home to some of the nation's best hiking trails. Sign up now for your FREE Nevada Visitor Package including the Adventure Guide and get ready to hike incredible Nevada.
- Get 14 Days of FREE Movies from BLOCKBUSTER!**: Simply sign up today to receive this FREE exclusive offer along with the Inside BLOCKBUSTER newsletter.
- Hill's Science Diet**: Let the trusted leader in pet nutrition help you make a healthy difference in your pet. Subscribe to PET CHAT, the official Hill's Science Diet pet food online newsletter.

Due to their immediacy and contextual relevance, registration and transactional path campaigns deliver high response rates and are in high demand. It's a win-win-win situation for advertisers, publishers, and consumers. Advertisers benefit from high conversion rates and ROI. Publishers benefit from being able to serve multiple advertisements at one time, capitalize on advertiser demand for quality leads, increase eCPMs, and maximize online advertising revenue. And, website visitors benefit from having contextual offers served to them during the sign-up and transaction processes, which makes for a more relevant online experience.

Implementing CPL campaigns is simple and takes less than fifteen minutes. You can use Pontiflex's patent-pending PixelPost technology to serve registration and transactional advertisements on your sites. PixelPost is a simple piece of JavaScript that you can drop on to your pages - there is no need for back-end integration, which greatly simplifies campaign setup.

PixelPost also eliminates the need to set up every new campaign from scratch. Once the simple JavaScript code is embedded into the page, new campaigns can be implemented in a few minutes.

b) Implement AdUnit X Banners in Standard IAB Sizes

Pontiflex AdUnit X banners enable you to easily convert your existing CPM inventory into high performing CPL inventory. With Pontiflex AdUnit X banners, visitors can submit information to advertisers without having to click-through to a landing page.



AdUnit X banners are particularly useful for content and social networking sites looking to monetize under-performing CPM inventory

Receive **Free Travel Deals** and updates in your email inbox or Twitter account!

First Name: Last Name:

Email Address: Twitter User Name:

OBAMA BIDEN

SIGN-UP FOR INVITATIONS

TO OFFICIAL BARACK OBAMA EVENTS!

First Name:

Last Name:

Email:

Zip Code:

When a user clicks on a banner, information is sent automatically on the back-end to the advertiser. The user continues to stay on your page. This improves website stickiness for publishers and delivers higher conversion rates for advertisers.

AdUnit X banners are available in standard IAB sizes: 468x60, 728x90, 160x600, 300x250 and 336x280. This means that CPL banners can be rotated into existing CPM banner inventory without any redesign.

c) Monetize Mobile Apps and Websites

With CPL advertising, you can easily monetize mobile apps and websites. eMarketer predicts that US mobile ad spending will reach \$416 million in 2009 and increase to \$1.56 billion by 2013. With mobile CPL advertising, you can extend your advertising offerings to emerging media and take advantage of additional revenue opportunities.

One of the key challenges that advertisers face when considering mobile campaigns is achieving measurable ROI. By offering CPL advertising on mobile apps and sites, you can offer advertisers guaranteed returns on their mobile initiatives across all of the major mobile devices, including Blackberry and iPhone.



Integrating CPL advertising into your registration/transactional path, website, and mobile apps is easy. However, you should be cautious of forming relationships with vendors that demand complete and exclusive control over your inventory.

2. Avoid the Exclusivity Trap

Sometimes, networks and vendors will offer to implement performance-based advertising on your website in exchange for exclusive representation of your site. You should avoid these exclusive relationships. Instead, you should embrace openness in managing and implementing your online advertising.

Even if some ad networks bring value added services such as free ad serving, it is important not to trade the convenience of these offerings for loss of control over your website.

First, there is the loss of control – specifically in terms of the kinds of advertisers that you can do business with. In tough economic times, you need to be able to spread as wide a net as possible

to maximize revenue. Getting locked into exclusive relationships with networks makes this task much more difficult – if not impossible.

Then, there is the danger that by signing an exclusive deal with a network, you lose control over the quality and relevancy of your content. Content attracts audiences; audiences attract advertisers. Allowing exclusive access to one vendor or network has the potential to undermine the quality of your site's content, which, in turn, can cause a decrease in perceived value by advertisers.

You can use a technology like Pontiflex's PixelPost to implement CPL advertising on your website. PixelPost is open, which means that you can run any and all advertiser offers (even those not run through Pontiflex).

PixelPost allows you to have control over the types of advertisers you do business with and ensures that you maintain oversight over the quality of the content and advertisements on your website. Most importantly, there is no limit to the amount of revenue that you can earn.

After incorporating CPL advertising, you need to decide what data fields (email, first name, last name, zip code, etc) to offer advertisers. This will help determine a pricing structure.

3. Price Ads Based on Website Demographics and Number of Fields

You can decide on CPL pricing structures by taking two factors into account:

- Audience demographics: The ability to deliver more targeted demographics translates into higher Cost-per-Lead rates. This is why a premium financial site can charge more than a generic portal for CPL advertisements.
- Number of fields: Cost-per-Lead varies according to the number of fields offered by the publisher to the advertiser. It is standard industry practice for publishers to include name, last name, email address and zip code for a basic lead.
 - You can also offer advertisers premium and custom fields.
 - ❖ You can typically increase the Cost-per-Lead by 25% for each premium field offered. Premium fields include address, phone number, etc.
 - ❖ The average CPL (across industry categories) for premium leads is \$2.27.
 - ❖ Sometimes, advertisers will ask for custom fields beyond the standard demographic information. For example, a travel advertiser selling vacation packages may ask, "Have you traveled to Hawaii in the last six months?" The Cost-per-Lead typically increases by 50% for each custom field.

- ❖ Please note that adding too many premium and custom fields can reduce response rates and reduce your eCPM.

Below is a formula that can be used to calculate the eCPM for a typical CPL placement:

Take rate (% of users that opt-in to the ad):	1.5%
Average Cost-per-Lead	\$2.27
Revenue from 1,000 views – 1 offer	\$34.00
<hr/>	
Revenue from 1,000 views – 5 offers	\$170.00

4. Automate Campaign Management and Data Delivery

To boost revenue and lower costs, operational efficiency is critical. Save technical resources for billable and highly specialized work. Media operations teams should be able to handle implementation, delivery, and optimization on all types of campaigns, regardless of pricing model.

It is also important to automate data delivery. In any CPL campaign, user data needs to be transmitted from a publisher to an advertiser. Advertisers can choose to receive data from publishers in a variety of formats.

Translating and formatting data for each campaign is time consuming and laborious. You can use data translation services like Pontiflex to translate data seamlessly from one format to another. Because the data translation is automated, there are no manual processes on your end.

Common data transfer formats include:

- Email: Leads are sent to the advertiser via email in a .csv, .xls or .pdf format. While it requires the least amount of technical setup, email is also the least secure form of data transfer. With increasingly strict regulation concerning data security, more secure methods are quickly replacing email as the preferred choice among advertisers.

- **FTP (File Transfer Protocol):** FTP is a file transfer protocol for exchanging files via a folder-based drag and drop application. In this format, leads are not sent in real time. Instead, batch downloads of data are common.
- **HTTP GET & HTTP POST:** This involves a server to server connection in real time, and is currently the most common method of data transfer.
- **HTTPS:** This is similar to HTTP in that it is a real time data transfer. The difference is that in HTTPS transfers, the data set is encrypted. Whenever possible, advertisers and publishers should use HTTPS to ensure the greatest level of security.

With Pontiflex, you can choose data delivery methods using simple and intuitive drop-down menus without having to worry about technical setup.

Pontiflex's patent pending technology takes your data transfer format and automatically translates it into whichever format the advertiser chooses. Data is encrypted during transmission to protect user information and sent via firewalled, redundant and geographically distributed servers.

5. Use Performance Advertising to Connect With Top Advertisers

Demand for performance media is well established. Brands like Kimberly-Clark, Dell, Disney, Blockbuster, Coldwater Creek, and many others are using CPL advertising to connect with and engage consumers.

To tap into the demand for performance advertising, you should make a concerted push/pull effort.

- **Push:** Have your sales team sell CPL advertising to new and existing clients along with CPM and CPC offerings.
- **Pull:** Get listed on open and transparent directories like the Pontiflex GENList. Hundreds of advertisers refer to the Pontiflex GENList on a daily basis looking for CPL advertising opportunities.

As pressure to provide stronger ROI increases, publishers are challenged to go beyond traditional CPM/CPC pricing structures. By following these five steps, you can easily incorporate CPL advertising into your existing online and mobile sites and start to see both increased revenue and improved user experiences.



About Pontiflex

Pontiflex provides a single point of connection to the entire CPL advertising market. Through Pontiflex, advertisers can run on websites, social networks, and mobile apps – and connect to the right people no matter where they are.

Through the Cost-per-Lead (CPL) pricing model, advertisers pay only for people that have signed up for their advertisements - and not for impressions or clicks that might never convert.

Pontiflex offers publishers a simple way to connect with major advertisers and increase revenue. By incorporating CPL advertising into your mix, publishers tap into the rapidly growing demand for performance media with opportunities across web and mobile sites.