

# The Best Kept Secret in Retail Marketing: How Tommy Hilfiger Found a Better Way to Get and Engage Interested Consumers

## Executive Summary

As the economy recovers, consumer confidence is returning. To tap into this growth in spending, retailers are increasingly looking to digital advertising as a measurable, efficient way to increase purchases and boost brand loyalty. In this white paper, we will discuss how retailers can use online performance marketing to connect with interested shoppers, build engaged audiences for email and social communities, and heighten brand preference.

This white paper also provides an exclusive case study with Tommy Hilfiger. We will take a detailed look at how one of the biggest retailers in the industry uses Cost-per-Lead (CPL) advertising to connect with new consumers, build long term relationships with its audience base, and drive sales. As Internet Retailer stated in a recent article, "Tommy Hilfiger...has found a new cost-per-lead advertising system of acquiring e-mail addresses a better way to quickly engage prospective customers interested in its brand."

## Introduction

For retail marketers, online advertising is no longer an experimental channel. In fact, digital marketing is quickly overcoming TV as the most effective way to boost sales. A recent comScore study found that retail brands who ran online ad campaigns with an average reach of 40% of their target segment increased sales by an average of 9%, compared to an average lift of 8% from TV advertising in a year, according to Information Resources, Inc.

When you look at the e-commerce sales predictions and online shopping behavior of consumers, those statistics make sense. eMarketer predicts that 2010 U.S. retail e-commerce sales (excluding travel) will rise to \$152 billion. The growth of online sales will outperform brick and mortar sales because shoppers are moving more of their purchases to the web. When you add online retail and online travel together, the total sales will equal \$244.6 billion in 2010.

eMarketer also forecasts that this year, 162 million people in the U.S. will use the internet to research products online, and that 82% of online researchers (133 million people) will make online purchases.

The growing impact of online advertising on retail sales combined with the growing number of online shoppers presents a straightforward opportunity to retailers. However, the challenge that you face is how to get your offerings in front of as many people as possible to drive purchases and build long term brand loyalty, while remaining focused on ROI (return on investment).

## Connecting with Interested Shoppers and Building Brand Loyalty through Cost-per-Lead Advertising

Traditionally, retailers have turned to CPM and CPC advertising models to acquire email addresses from interested consumers. In CPM (Cost-per-Thousand) campaigns, you pay for impressions. You can run banner advertisements that drive to a landing page with a form, or you can rent email lists through the CPM pricing model. In CPC (Cost-per-Click) campaigns, you pay for clicks. In both of these models there is waste, as you pay for page views, generic lists, and site traffic - instead of actual results.

With Cost-per-Lead advertising, you pay only for valid sign ups, not for impressions or clicks that might never convert. In the past, online lead generation was associated with sales leads (generic leads that are resold to multiple advertisers). However, the new CPL is defined by marketing leads, which are brand specific and never resold.

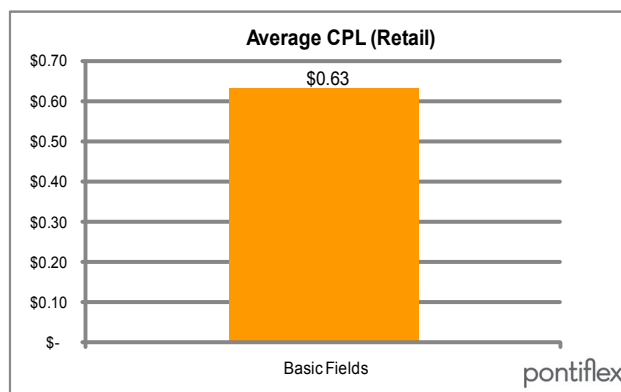
Another major differentiator between sales leads and marketing leads is transparency. In a marketing leads campaign, you always know exactly where your ads are running, and consumers know exactly what they are signing up for.

What this means for you: You connect with shoppers who are explicitly interested in hearing from your brand and see immediate, measureable ROI.

You can collect two kinds of marketing leads:

- 1) Leads with basic fields: Basic information such as first name, last name, email address, and postal address.
- 2) Leads with premium fields: More detailed information such as telephone number, answers to custom questions, and geo-targeted information.

### Average Cost-per-Lead: Retail

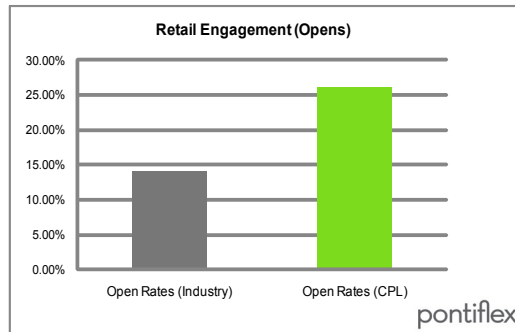


Source: Pontiflex Internal Data, April 2010

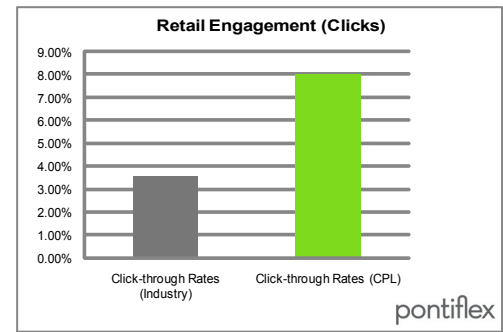
While you can collect as much information as needed to meet your marketing goals, retailers are particularly savvy when it comes to customer acquisition and engagement. Retailers generally collect only basic fields and start a relationship with the consumer before asking for more detailed information.

The average cost of a marketing lead in the retail sector is \$0.63, which compares favorably with CPM or CPC rates.

## Engagement Metrics: Retail



Sources: Pontiflex Internal Data, April 2010, eMarketer, July 2009



Sources: Pontiflex Internal Data, April 2010, eMarketer, July 2009

When you acquire email addresses through CPL, not only is your marketing budget more efficient, your audience is more engaged as well. Because with CPL ads, people actively sign up to hear from your brand, you connect with an audience with a higher level of intent. Data shows that users acquired through CPL are more responsive than the industry average (as compared with metrics published by eMarketer in July, 2009).

In the retail category specifically, people who sign up for email communications through CPL ads are approximately twice as likely to open emails than the industry average (26.18% CPL vs. 13.96% industry average), and 2.25 times more likely to take action/click (7.01% CPL vs. 3.56% industry average).

In the following section, we will look at precisely how retailers can find and engage consumers with CPL advertising.

## CPL: A Simple Two Step Approach

A successful retail marketing campaign works in two phases.

### 1. Acquire the contact information of interested consumers

CPL provides a direct connection between brands and the consumers who want to hear from them. Generally, retailers collect basic information like name, email address, and zip code. People sign up to share their information in order to receive additional communication or to take advantage of a special deal or offer. With CPL, you put your message in front of consumers where they shop, look for information, and socialize online.

You can run CPL ads on premium sites that look like this:



Get 14 Days of FREE Movies from BLOCKBUSTER!

Simply sign up today to receive this FREE exclusive offer along with the Inside BLOCKBUSTER newsletter.

“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*

Presenting a compelling call to action in your CPL ad is key. Because of the struggling economy, shoppers are more receptive to advertising that offers a special deal or offer. Use CPL to get the right promotions in front of the right people, and then follow up through engaging content to make sure they keep coming back. Discounts are a great way to get people interested, but for long term brand loyalty, make sure that you are also listening to what your audience is interested in (trends, new arrivals, etc.) and are responding with relevant content.

## 2. Engage Shoppers in a Timely Manner

The window of opportunity for most retailers is short. According to recent data by Spending-Pulse, people aren’t just making big purchases online; they’re making *every day* purchases on the web. Because you have a limited amount of time to sway consumers in your direction, use email marketing to build engagement immediately. As soon as someone signs up through a CPL ad, send an immediate thank you email that reinforces the call to action you used in the ad (free shipping, an exclusive discount, etc.).

By integrating your email service provider (ESP) with your CPL advertising solution, you can deploy autoresponders, which are real-time, automated thank you emails. As soon as someone signs up, he or she is sent an autoresponder email that keeps them immediately engaged with the brand.

Email is an extremely effective tool for retailers:

- According to the Direct Marketing Association, email generated an ROI of \$43.21 in 2009 (which is 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 to be as high as \$118 and \$130, respectively).
- Even consumers prefer receiving offers by email. Epilson’s 2009 study revealed that 57% of consumers have a more positive impression of companies when they receive email from them, and 50% said that they are more likely to buy products from companies who send them email.

Yet, even the best planned email campaigns can fall short if they are not executed quickly enough. Once the first good impression is made, continue to build trust through regularly timed emails and then drive to multiple touchpoints, like social media. Embed links to your social marketing platforms (Facebook, Twitter, etc.) to deepen engagement. eMarketer reported that more than two-thirds of U.S. Facebook users said a Facebook friend referral would increase their chances of purchasing a product or visiting a retailer. With email and social media together, you connect to people through the channels they trust most, and get the biggest impact from your marketing dollars.

“CPL advertising is the most cost-effective way to build an email list profitably.”

Jared Blank  
Senior Director  
e-Commerce



## Case Study: Tommy Hilfiger

Tommy Hilfiger is one of the most recognized retailers in the world. With a roster of leading brands, the Tommy Hilfiger group of companies is an icon in the apparel industry. In addition to clothing, the Tommy Hilfiger Corporation is a market leader in accessories, footwear, fragrances, and home furnishings.

Acquisition marketing is at the center of Tommy Hilfiger’s marketing efforts. “Acquiring the email addresses of people who are interested in our products is instrumental to our leadership in the marketplace,” says Jared Blank, Senior Director, e-Commerce, Tommy Hilfiger. “It allows us to communicate the wide breadth of offerings effectively and keep consumers engaged with our brand.”

Tommy Hilfiger runs search marketing and Cost-per-Lead advertising programs to acquire the email addresses of consumers interested in their products and to grow their email database. The search ads drive consumers to the home page and relevant pages on the Tommy Hilfiger website. People can sign up for new accounts on the website. Once they sign up, they become a part of Tommy Hilfiger’s email communications program.

In conjunction with search, the e-Commerce team at Tommy Hilfiger runs Cost-per-Lead ad programs to acquire new retail consumers. These ads run in contextually and demographically relevant environments. Users sign up for Tommy Hilfiger’s offers within the ads themselves (there’s no need for a landing page).



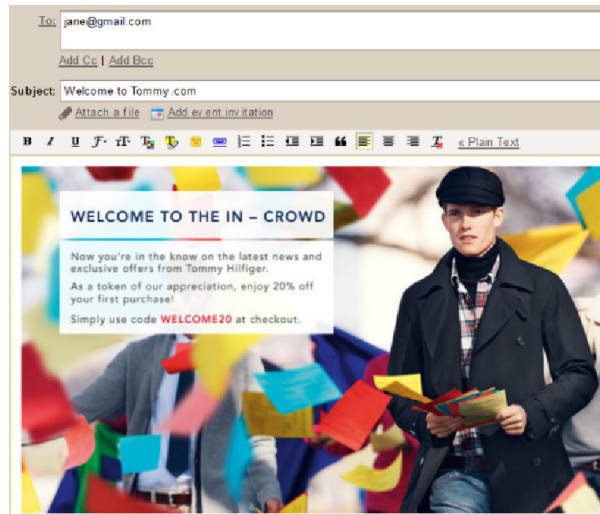
“CPL advertising is the most cost-effective way to build an email list profitably,” says Blank. “Because CPL advertising allows us to only pay for sign ups, we can accurately predict how many consumers we can acquire per demographic segment before going into the campaign.”

## Remembering to Say Thank You

With Pontiflex AdLeads, Tommy Hilfiger is able to send emails to consumers who sign up for their ads in real-time. These emails help Tommy Hilfiger continue the conversation immediately and keep consumers engaged with the brand. “We are still in the early days of finding out the optimal way of engaging leads acquired through Cost-per-Lead advertising. But after monitoring open rates and click-through rates on our autoresponder emails, we are already gaining some important insights on the best ways to engage consumers,” says Blank.

“You can’t form a meaningful relationship with just a 20% off message.”

Jared Blank  
Senior Director  
e-Commerce



Similar to search advertising, it’s important that CPL ads have an extremely clear value proposition.

But it’s even more important that the same value proposition is carried over to the follow-up email. “The call to action in the autoresponder must match the one that’s specified in the CPL advertisement,” says Blank. “In addition, the follow-up email must inform the user clearly where they saw the ad, and spell out the benefits of following through on the call to action – be it a discount or a catalog.”

### Building Long Term Relationships

What are some of the best practices for following up with consumers via autoresponders?

Blank advises retailers to think in terms of the bigger picture, one that is more long-term. “Leading with a promotion is an effective way to get consumers to sign up for your ad,” he says. “But there needs to be a lot more to ensure that those consumers stay engaged with your brand. As we build out our engagement plan we are finding several strategies that work better than promotions. Sending out emails with our new arrivals, emailing style guides or delivering Fashion Week specials are all effective. Relevance is key.”

“Appeal to what people are interested in, be it a line of clothing or things people can wear to look better than their friends. You can’t form a meaningful relationship with just a 20% off message.”

In addition to building a community of users by email, Blank sees social networks playing an important part in Tommy Hilfiger’s marketing efforts. “Our Facebook group has nearly 250,000 friends,” says Blank. “Our email and social campaigns will work closely together as we engage consumers in different ways.”

## Conclusion

While the economy shows signs of recovery, retailers still face the daunting challenge of a competitive marketplace as shoppers are more selective about how and where to spend their money. By connecting to highly motivated consumers through Cost-per-Lead advertising, building trust through relevant, well-timed email, and engaging shoppers through multiple touch points, you can boost both immediate purchases and long term brand loyalty.

## About Pontiflex

Pontiflex helps you build engaged email audiences and social communities through transparent Cost-per-Lead advertising.

With CPL, you pay only when people sign up to hear from you by providing their email addresses or social handles. You never pay for wasted clicks or impressions.

Advertisers across all industry sectors use Pontiflex AdLeads to build strong engagement platforms through email, social communities, loyalty programs, member acquisition programs, and more.

For further information, contact us at [info@pontiflex.com](mailto:info@pontiflex.com) or call 1.800.420.6086.