



Email Monetization Strategies

Released November 2009

The IAB Email Committee has developed these Best Practices.

About the IAB Email Committee:

The Email Committee's mission is to support and expand the use of email marketing by agencies and marketers. The committee works to address all email monetization related issues and recommends solutions, standards and educational tools as needed. The committee delivers these objectives through industry research, case studies and stakeholder education. A full list of Committee member companies can be found at:

http://www.iab.net/email_committee

This document can be found on the IAB website at:

http://www.iab.net/email_monetization

IAB Contact Information:

Gina Kim

Director of Industry Services, IAB

212-380-4728

Gina.Kim@iab.net

Table of Contents

Executive Summary.....	3
Regulatory Background	5
Email Inventory Types	6
Newsletters	6
Stand Alone Email Advertising	10
Emerging Trends: Rich Media/Video.....	16
Inventory Management.....	19
Data Collection Best Practices	22

Executive Summary

In an era of diminishing revenues – and audiences – from traditional publishing channels like newspapers and magazines, email monetization provides publishers, advertisers and audiences with a modern method of driving revenue, new customer growth and knowledge of new products previously only available via print ads and television. “IAB Email Monetization Strategies” seeks to explain how email monetization works, present best practices and serve as a resource for publishers and marketers who wish to take advantage of email, which is one of the most effective direct and brand marketing mediums.

The increased emphasis on email is reflected in the marketplace overall: though marketers worldwide are expected to reduce spending on offline media by the greatest percentage of any media channel this year, 59% of marketers surveyed indicated that they would be increasing their allocation to email marketing, leading the increases to any other channel.¹

Email is widely recognized as an important medium for building a relationship with consumers. A Ketchum study cites 80% of marketers agree that email leads the way as the media channel that performs most strongly. Further research confirms the importance of email in the eyes of the consumer: Of US Internet users, 42% use email newsletters² and 59% of email users spend 20 minutes or more with permission email weekly. Marketing-based permission email (defined as anything a user opts-in for) accounts for 26% of time spent with email, second only to communication with friends and family.³ Most importantly, 58% of consumers believe email is a great way for companies to stay in touch with them⁴ and 57% say that receiving email from a company they did business with gives them a more positive impression of the company.⁵ Also, consumers ranked email ahead of traditional media like newspapers, magazines and radio as a good way to learn about new products, making this the ideal media channel for advertisers.⁶

The recommendations outlined in this document offer best practices and advice for:

- Advertisers
 - Leveraging email newsletters to reach a valuable audience
 - Using the email channel to test offers and promotions
 - Driving sales and site registration through stand alone email advertising
 - Criteria for choosing a email publisher
 - Emerging trend of video in email campaigns

¹ Datran Media, “3rd Annual Marketing & Media Survey, Jan 27th, 2009. eMarketer.

² Ketchum and USC Annenberg Strategic Public Relations Center, “Media Myths & Realities: 2008 Media Usage Survey”. eMarketer.

³ Datran Media, “3rd Annual Marketing & Media Survey, Jan 27th, 2009. eMarketer.

⁴ Merkle “View from the Inbox 2009” report.

⁵ ClickZ article, Jeannie Mullen. 2009.

⁶ American Marketing Association, Mplanet, 6/07

- Publishers
 - Revenue opportunities through sponsorship and ad units in email newsletters
 - Pricing models for email monetization
 - Inventory management
 - Data collection
 - Developing a video email campaign

“IAB Email Monetization Strategies” adds to a solid foundation of guidance previously released by the IAB Email Committee for the email marketplace:

- IAB Email Guidelines were issued to bolster confidence among consumers, marketers, and agencies regarding the industry's email practices:

http://www.iab.net/iab_products_and_industry_services/508676/508905/1458

- IAB Email Campaign Performance Metrics Definitions were created to guide marketers and vendors towards more consistency in what the current Email terminology actually describes:

http://www.iab.net/iab_products_and_industry_services/508676/508905/79176

- IAB Email Data Management Best Practices were developed to remove friction from the email marketing channel by simplifying the core elements of security, deliverability permission and privacy. The document outlines the practices and systems that responsible parties of the email marketing ecosystem should adhere to:

http://www.iab.net/iab_products_and_industry_services/508676/508905/emaildata

Regulatory Background

Since the first person-to-person email messages were sent in the early public internet era (circa 1991), publishers and those collecting email addresses have been looking for ways to equate value through the monetization of their audiences either by generating direct revenue from their audience/consumer or from companies that are trying to reach their captive audience.

Marketers and advertisers have become more sophisticated in the following years and have sought new ways to make money while maintaining a cordial and effective relationship with their target audiences (privacy concerns, etc.). As the email marketing industry has matured, techniques, technologies and practices have developed to the point where there are now de facto standards in place that govern the proper and most effective conduct of all players. In response to the development of ever more sophisticated marketing technologies – as well as the inevitable abuses of any system of this kind – government has stepped in and legislated solutions to problems that the industry itself was unable to implement on its own.

With the introduction of CAN-SPAM in 2003 (S.877 of the 108th United States Congress), marketers and list managers were legally required to follow certain practices and procedures to prevent abuse of email recipients. This legislation, in effect, legitimized the email monetization industry through its establishment of a code of conduct that would be adopted by all legitimate email monetization parties, whether list managers, list renters or advertisers. The act was subsequently updated in 2008 and took into account some elements of email marketing not considered in the original bill.

For further information on CAN-SPAM, refer to:

<http://www.ftc.gov/bcp/edu/pubs/business/ecommerce/bus61.pdf>

Email Inventory Types

Newsletters

In this document, a newsletter is defined as:

- an email-based message;
- distributed to a subscriber list;
- on a regular scheduled interval (ex. daily, weekly, monthly, etc.) or as part of a dialogue marketing program driven by a user's actions on a previous communication (trigger);
- the primary purpose of the message is non-commercial

The content of a newsletter typically revolves around a specific topic or theme and consists of multiple links to expanded information often found within the company's website (though some newsletters are self contained). In most cases, consumers opt-in to receive a specific type of newsletter, however cases vary. If a company has permission to email a consumer, they may often provide them with unsolicited information they feel would be valuable to the consumer.

Value of newsletters to advertisers

The availability of newsletter inventory - outside and exclusive of their own - is very valuable to advertisers. These advertisers enable publishers to monetize their newsletters, and ultimately fund the development and distribution of their content. How do advertisers find value from newsletters?

- Reach
 - By working with publishers who have subscribers who meet the advertiser's prospect profile, advertisers can reach entirely new and more diverse audiences than they would by relying solely on other channels (i.e. direct mail, radio, television, etc.)
- Targeting
 - Because newsletter advertising is database driven, publishers can offer targeting across a larger set of demographic attributes (i.e., gender, age, interest, etc.)
- Sales
 - By reaching targeted new prospects, advertisers are able to introduce products and promotions to audiences beyond their current consumers and subscribers to any other newsletters they may already send
 - Consumers have shown a high propensity to purchase from within the email channel. According to Forrester Research, e-newsletters garner the most trust out of all interactive advertising. E-newsletter advertising can provide a nice boost for brands and products, as well as a new source of prospects and e-mail addresses for advertiser e-mail marketing programs.

- Cost-effectiveness
 - By using the email channel and specifically cost-effective Cost per Action (CPA) and Cost per Lead (CPL) performance marketing, advertisers are able to obtain results and pay only for the results that they gain. Even when buying on a CPM, advertisers can reach their audiences very effectively compared to other media.
- Testing and Insights
 - The email channel is very useful for offer and promotion testing. When combined with audience demographic, geographic, behavioral and psychographic information, advertisers can obtain valuable real time information that will help them with future campaigns, pricing and promotions.
- Multi-Channel
 - The email channel is an excellent complement to display advertising and many of the same static formats that are available in display are available within in email

Value of newsletters to publishers

Newsletters have become pivotal to the online revenue strategy for publishers. As compared to other means of distribution, such as newspapers, television, or direct mail, email has become a cost effective means of distributing targeted content directly to a consumer. Newsletters' consistent format and personalization features often lead to increased brand loyalty and can provide reliable revenue streams for the publisher via ecommerce, sponsorships, or advertisements found in or enabled by the message.

Newsletters can help to generate revenue in several ways:

- Advertising: sponsorship by advertisers and ad units in the newsletter
- Traffic: drive additional eyeballs to the main site, thus increasing impressions for advertisers that have units on the main site
- Content: publishers may offer premium, paid newsletter services. Where a publisher's content is sought after enough, the audience may be willing to pay to receive proprietary content or breaking newsletters/alerts.
- Performance: there may be opportunities to include "pay per click" as a revenue model (e.g. Stubhub/Ticketmaster ticket link in emails where contextually relevant, such as a geo-targeted effort where specific local sports team content is featured)

In addition to bringing value to the publisher, newsletters are ideal from a sponsorship perspective for the following reasons:

- They contain targeted content to audiences that are highly engaged, proven by number of opt-ins, open rates and click rates

- Publishers can accurately set expectations (for inventory and performance) for advertisers because newsletters typically have consistent open rates, subscriber list volumes and subscriber demographics
- Publishers may be able to demand a premium CPM for newsletters, in some cases 5-10x what the ROS (run of site) CPM may be as the audience is so “known” and can be highly targeted

In the case of email newsletter sponsorship, there are a few factors to consider regarding the choice of email packages and advertising units

- Consider using IAB standard units. They will help increase the potential pool of advertisers and their agencies willing to sponsor your newsletter because creative developed for websites might be reusable in a newsletter context (see caveat below). A full guide is located on the IAB website here:
[http://www.iab.net/iab_products_and_industry_services/508676/508767/Ad Unit](http://www.iab.net/iab_products_and_industry_services/508676/508767/Ad_Unit)
- Caveat - Even though using IAB standard units in your newsletter will help attract more potential advertising dollars, remember most email clients and ISPs will at best be able to display an animated gif, and not by default. Rich media such as flash and video will not work in the vast majority of cases (see the “emerging trends” section for more information on this).
- Always include companion text copy to run along with the display advertising unit. It will help users who do not have images turned on by default, or who may be reading the newsletter on a mobile device, still see the advertising message. It can also help increase engagement and click-through rates for your audience.
- **There are three primary purchasing models for Newsletters**
List owners may be paid on the following bases:
 - CPM (cost per thousand) on emails delivered – with undelivered emails removed from the calculations. For this reason, list owners will often send more emails than ordered so that they can ensure delivery of the number of email addresses requested by the ‘renter’.
 - CPM (cost per thousand) on ad impressions, which result in emails opened
 - Sponsorships that are priced at a flat-rate for an entire “send” or time period (i.e. weekly or monthly sponsorship)
 - For more information on email campaign metrics, refer to the IAB Email Campaign Performance Metrics Definitions:
http://www.iab.net/iab_products_and_industry_services/508676/508905/79176

Email also provides additional and more indirect value to publishers. They can reinforce the brand and provide revenue opportunities. To this end, newsletters can:

- inspire and trigger engagement
- provide opportunities for strategic cross selling
- increase brand loyalty
- increase distribution and awareness of their most valuable asset, which is content

Value of newsletters to consumers

A newsletter is a mechanism for subscribers to receive targeted content via email in a convenient form. Subscribers are able to stay informed or gather information on topics efficiently because they do not have to visit multiple websites searching and waiting for content that they are interested in to appear. For the most part, a newsletter should be a separate and complete experience. While there should be links back to the main website for deeper content, a well-done newsletter can give the consumer valuable information without having to click through to the associated website. This is very important for consumers that may be viewing newsletter content on the go, without necessarily having internet access.

Consumers are able to view newsletter content at their convenience, when and where they want it. Additionally, newsletters can often be highly customized and personalized based on consumer preferences. Studies show that the most effective campaigns are those that deliver a relevant creative message at an appropriate time as well as place; “Marketing message distribution – timing, context, and relevance – is as important as creative execution”⁷. Thus, in this increasingly digital and mobile-enabled environment, email is even more valuable, as it can follow consumers when they are on-the-go. Statistics show that 16% of email is viewed on a wireless phone/organizer⁸ and this percentage will continue to grow as the penetration of sophisticated devices rise in the marketplace.

Email is also inherently a social platform which allows consumers to quickly forward and share content that might be relevant for friends and colleagues. As digital media continues to proliferate, and digital experiences become more focused on and around social platforms, this social aspect will become very important.

⁷ HD Marketing 2010: Sharpening the Conversation. ANA, IAB, AAAA & Booz & Company, 2007.

⁸ Merkle “View from the Inbox 2009” report.

Stand Alone Email Advertising

Stand Alone Email Advertising (sometimes referred to as “list rental”) is defined as the process of utilizing another organization’s email list resources for the purposes of marketing your own company, service or product. This process is possible through the establishment of prior permission granted to the list owner by subscribers to that company’s list. The list itself is not typically shared with the marketer wishing to market to the list members. The marketing communication is typically sent by the list owner (or their email service provider) under the auspices of a 3rd party marketing arrangement in conjunction with the marketer that wants to reach a new audience.

Stand Alone Email Advertising is one of the most effective methods for monetizing publisher lists. Consumers have shown a high propensity to purchase from within the email channel. According to the DMA, email has as high as \$47 ROI per dollar spent. Publishers with highly responsive lists can find themselves in the position of carefully determining who they will rent their list out to, mostly in order to maintain the performance of the list and avoid so-called ‘list fatigue’. Publisher (aka ‘Owner’) goals for Stand Alone Email Advertising are revenue-oriented.

❖ What are marketer/advertiser goals for Stand Alone Email Advertising?

Businesses who seek to rent lists are most often trying to accomplish the following:

- Reach and acquire new customers/clients
- Drive tangible results, such as direct sales or site signups
 - Sales goals
 - Site registration goals
- Drive intangible results such as exposing non-registered members to marketing language as well as drive interest in a topic for research purposes. This research could be used to improve creative to drive direct, tangible results later.
- Build brand awareness, purchase intent and favorability. Studies have shown that well executed stand-alone acquisition email campaigns drive a positive brand impact, and also increases purchase intent.⁹

❖ Creative focus is very important

Creative for stand alone email campaigns are often designed for these particular purposes:

- Drive immediate sales, sign-ups, etc.
- Dovetail with landing page
- Brand messaging
- Take advantage in differences in cadence (frequency and timing) from registered base to 3rd party list

⁹ Dynamic Logic study: <http://www.datranmediabrandstudy.com/>

❖ **There are many purchasing models for Stand Alone Email Advertising**

List owners may be paid on the following bases:

- CPM (cost per thousand) on emails delivered – with undelivered emails removed from the calculations. For this reason, list owners will often send more emails than ordered so that they can ensure delivery of the number of email addresses requested by the ‘renter’.
- CPC (cost per click) on actions taken on URLs within the email
- CPA (cost per action) – this performance-oriented pricing method pays a higher amount than CPC as it typically requires that the recipient take another action (such as complete a form or transaction) before the list owner is paid.
- RS (Revenue Share) – is a popular performance pricing model leveraged by most merchants or retail companies.
- For more information on email campaign metrics, refer to the IAB Email Campaign Performance Metrics Definitions:
http://www.iab.net/iab_products_and_industry_services/508676/508905/79176

❖ **When choosing a list provider, advertisers should keep the following evaluation criteria in mind:**

- Source of data
 - Where is it captured – marketers should look for capture points (i.e. sites and landing pages) that share characteristics with the product that they are promoting. For example, if the marketer is promoting an insurance offer, the list should be from a source that is related to insurance, financial services or is relevant to key consumer targets (i.e. newlyweds, first time parents, etc). List owners should leverage the quality of their signup source when marketing their lists.
 - How is it captured – data can be captured many ways, including from landing pages for ‘offers’, other newsletter registration pages, site registrations, magazine subscription sites and other sources. Verified data – meaning matched to the postal data from a compiled list manager such as Acxiom or Experian – is preferred, while self-reported data is less so. Data sourced from non-electronic sources such as fishbowls is considered less valuable, as is data sourced via ‘freebie’ offers where people have submitted their data in exchange for an entry in a lottery.
 - What criteria are selected for the specific list request – does the list provider have the type of data that would allow you to segment your mailings based on demographic or interest data? How complete is the data coverage for key data elements? Incomplete records can reduce your results, especially where personalization is important
 - What privacy policy are users exposed to – look for sites that know when a user signed up, what privacy policy was in effect and the IP address from which the user accessed the (on-line) signup page

- Do users know their email is being remarketed by a 3rd party – lastly and most importantly ensure that the registration/user data is gathered with the explicit knowledge of the registrant and that its use as a marketing vehicle has been spelled out somewhere
- Age of data
In many cases, the age of the data is important.
 - For example, if the data was gathered a year ago and has never been mailed, there is no way of knowing whether it will be responsive. For this reason, avoid renting (or renting out) so-called ‘legacy files’ that have been sitting around and have not been mailed to in any fashion. Email addresses change frequently, and it is possible that an address that has not been mailed to in 180 days or longer may no longer be in use.
- Frequency
How often are the registrants sent email?
 - A file that gets too much mail may perform as poorly as one that has never been mailed.
- If an advertiser does not have in-house expertise in the email acquisition channel, they may benefit from working with an iAOR (inbox Agency of Record) to leverage their expertise, historical learnings and technology to efficiently identify, monitor and effectively manage a diverse portfolio of email publishers or list brokers.

❖ **Customer Suppression**

If cost is a consideration, and you are renting a list on a CPM-basis (paying only for emails being delivered) then you may consider ‘bumping’ the rented list up against your current customer/ mailing database to ensure that you will not waste advertising dollars to market to your own customers. However, the process of managing a large suppression list that contains a customer file can be extremely time consuming and expensive for advertisers and publishers and may ultimately prove cost prohibitive; making it challenging to scale advertising campaigns.

- There are several services that can perform this for you (ex: UnsubCentral)
- If you are renting a list on a CPC or CPA basis (paying only when the consumer clicks or transacts) then suppressing your customer file is unnecessary.

❖ **Campaign optimization strategies**

Make sure that any Stand Alone Email Advertising provider that you work with can perform these basic tasks:

- Testing (subject lines/offers/landing pages)
- Control how frequently an offer or creative is delivered to a specific email address
- Provide feedback pertaining to what customer segments and list types or sources are performing well.

❖ **Reporting is key for ROI analysis**

Make sure that your Stand Alone Email Advertising provider can report on the following metrics (at a minimum):

- Standard list provider reporting: delivered, opens, clicks, etc. – when renting on a CPM basis.
- Publishers should pass source or list ID's to the advertiser so that performance (response and quality) analysis, reporting and optimization can be performed at the source and list level. Source and list ID's can be passed in URL's and conversion reporting is done through pixel tracking on advertiser's conversion or thank you pages.

❖ **Potential Hazards**

Does the Email Service Provider (ESP) support standard hash or encryption?

- If you are working with the ESP of the Stand Alone Email provider, ensure that you can provide them with a hashed or encrypted form of your list for suppression purposes
- It is recommended to seed your suppression list to monitor if your list is ever stolen or abused by a 3rd party
- For more information on data security, refer to IAB Email Data Management Best Practices:
http://www.iab.net/iab_products_and_industry_services/508676/508905/emaildata

List Enhancement

List Enhancement is the process by which a marketing list is updated to include additional data points about the individuals on the list.

❖ **Data Elements are used to segment and include the following:**

- Lifestyle (often category interest or even sexual identity i.e. Golfers, 'gay')
- Demographic (gender, age, etc.)
- Behavioral data (opened email)
- Psychographic (behavior combined with demographics, i.e. '25-34 year old women who opened email')
- Appending phone numbers or postal addresses added to a list enhance the list user's ability to select individuals from the list that are the best prospects for a given marketing campaign

❖ **The benefits of list enhancement:**

- able to better segment
- gain deeper insight into customer behavior
- target market more effectively
- send less mail, which can drive cost savings
- provide a better customer experience

❖ **Lists are typically enhanced by purchasing relevant data to append to individual records**

- Multiple vendors are available in the market, so it is recommended to compare prices per record appended, but more importantly how the data has been sourced
- Traditional and straightforward list enhancement opportunities include email change of address (ECO A) providing updates on old email addresses that may have gone dormant in favor of more current email addresses
- Criteria for evaluation include: data sourced at various levels including email, first/last name, household/postal, zip code (census data)

❖ **Co-op databases**

These are 'escrow-like' services in which you are co-locating your list data along with other list owners for the purpose of sharing data points only available from within each list owner's respective database.

- No one list owner is able to discover data about users who are not already on their lists, and access to extended data points about the names on your list are subject to the conditions imposed by the co-op database service provider
- Co-op databases for email are relatively rare
- Best practice is to verify that in your privacy policy and terms of use disclosure that you have the right to collect additional data from third parties to augment the profile data you have collected already. If you are buying Stand Alone Email Advertising campaigns, you may need to pay for the use of certain elements.

❖ **Third party list enhancement services**

There are enhancement services including those that are able to append from online activity.

- Best practice is to verify data collection process and appropriate disclosures by data brokers and providers. Criteria include:
 1. How was the data collected?
 2. How frequently is the data being updated?
 3. How frequently is the data being refreshed?
- Ensure that your privacy policy allows provisions that data may be shared or sold to third parties if properly disclosed
- Verify your ability to engage in various list enhancement practices by reviewing pending legislation addressing 'behavioral targeting' practices. It is strongly recommended that you engage counsel on the most recent 'behavioral targeting' and data privacy trends and then identify appropriate marketing actions based on this advice.
- When doing list enhancement, with the exception of co-op databases, the list owner typically provides the email address to match extended data points against. For information on best practices for transferring email addresses to third parties, refer to IAB Email Data Management Best Practices: http://www.iab.net/iab_products_and_industry_services/508676/508905/emaildata
- Beyond technical protections you may implement for you and the individuals on your list, ensure that contract terms state that any data provided by you to the list enhancer will be destroyed upon request.

Emerging Trends: Rich Media/Video

❖ Video in Email

The ability to embed video in email presents a new, but potentially substantial monetization opportunity. Forrester Research shows that 71% of the US online audience watches video on the Internet, and the number of streams consumed by online viewers will more than double by 2013. Forrester Research also predicts that the global online video advertising market will reach \$7.2B by 2012. Savvy marketers are taking advantage of these trends.

❖ Video in Email: Key Considerations

The combination of email and video has the makings of an extremely viable and profitable opportunity. ISPs, ESPs, content rights and video players need to be considered prior to developing a video email monetization strategy.

- Deliverability: Spam Filters and ISP Adoption:
Today, ISPs (such as AOL, Yahoo!, etc.) will block any emails that contain rich media code, which may include video. Several industry technology providers enable qualified senders to incorporate rich video and audio content into email messaging, with assured inbox delivery. It should be noted that video and deliverability services are often not Email Service Providers (ESP) themselves – they partner with many of the leading ESPs as an added service, which means you can count on paying up to \$10 CPM on top of what you pay your ESP – something to keep in mind when developing your pricing strategy.
- Video Format:
There are various “video” formats that may work in a monetization scenario:
 - Static Images: Although technically not a video email in its truest sense, non-streaming video emails make use of a static image (typically a still shot of one of the frames from the video) which when clicked takes the reader to a web-hosted video.
 - Video GIF: Video GIFs are essentially compressed animated GIFs that deliver video-quality content that streams live within the email.
 - Embedded Video: This is an emerging format, which enables live, streaming video and audio in the inbox and the preview pane. It should be noted that audio is turned “off” by default, but can easily be turned on with a click.

❖ Video Email: Best Practices

There aren't many real benchmarks or case studies from which to learn from. One rule of thumb is, as with any email any email campaign, testing is always suggested to understand which content draws the highest response rate. Other things to consider are content rights, video inventory, player choice, reporting, and ad formats.

- Content Rights:
 - It is necessary for advertisers to own the rights to stream and/or present any video that they may choose to send
- Video Inventory:
 - Where will video come from? Do you have existing inventory, will the advertiser be providing footage, or do you need to shoot new video for the campaign? All this needs to be considered, planned and factored into the cost. Due to the higher costs of sending video email, re-use and repurposing of previous content is prudent, until the efficacy of Video in email has been established.
- Player Choice:
 - If you are using streaming video, you need to decide what player you will use. Video in Email vendors often provide a default player, but it may have limited capabilities as far as reporting. You may be already using a player internally (ex. Brightcove), but you need to ensure you are licensed to use it for email, which might be an added cost. It is also important to note that if using a vendor technology, you'll need to have your player approved if it is not one of their approved partners. Make sure that your vendor partner has gone through the steps to have the code in their approved players certified by their ISP partners to alleviate any spam filtering concerns. Be sure to check with your vendor to ensure you are using an approved player.
- Reporting:
 - Audience measurement platforms exist that will enable publishers to report the demographics of the audience that has been exposed to video email campaigns.
- Ad Formats:
 - Ad formats are more or less the same for email video as they are for online video. Refer to IAB Digital Video guidance for more information: http://www.iab.net/iab_products_and_industry_services/508676/digitalvideo
- Instream Video Ad:
 - The in-stream video ad runs inside the video window much like a TV commercial, prior to or post content. The ad can be any length, but are typically 15 and 30 seconds.
- Overlay:
 - The overlay is a branded rich-media or text ad that appears in the lower-third section of the video window while the video is running. An overlay doesn't delay video viewing because it plays in parallel with the video.
- Companion Ad:
 - Although common on web sites, companion ads, which can be graphical or text, are located outside the video window, and may not be a good fit for email. That being said, the email can be designed as such that an ad can be placed near the running video, much like a

companion ad. The email 'companion ad' can be effective in that it remains "live" in the email after the video has run.

- Takeover Ad:
 - Takeover ads display over the full video player, letting an advertiser deliver an uncluttered, rich media experience. The availability of these ads is dependent on the player being used.
- Sponsorships:
 - Emails may be entirely sponsored by advertisers wishing to target specific segments. These sponsorships may be a direct email sent as a supplement to newsletter emails, and advertisers typically pay a premium for them.

❖ **Pricing**

There are a few variables to consider when developing a pricing strategy for monetizing video email, such as hosting costs, player licensing, and 3rd party email fees.

- Hosting Costs:
 - In order for the video to play within the email, it needs to be hosted somewhere, and there may be a cost attached to it. Be sure to factor this cost in when developing your pricing strategy.
- Player Licensing:
 - As mentioned above, there may be an extra fee for using the video player within email. Understand any extra costs that may be associated with using the player within email.
- 3rd Party Email Fees:
 - Be sure to calculate any ESP fees, as well as your vendor's cost for sending video, into your pricing strategy. It has been reported that vendors can charge up to \$10 CPM for use of their service.
- CPM:
 - CPMs will vary depending on list quality, size, number of segments, etc. It is important to consider the sheer targeting power of email, and the current willingness of advertisers to pay a premium for video advertising. Publishers are able to command significantly higher CPMs for direct video ad campaigns with category sites who can target users of interest to category marketers.

Inventory Management

Inventory Management is the process of managing and/or reserving audiences – both in amounts and in characteristics - for campaigns. Due to the importance of messaging frequency control when utilizing the email channel, inventory management is an important element for list managers when seeking to maximize the monetization of their subscriber list assets.

❖ **Inventory Management Goals**

Typically, an inventory management toolset will equip the sales team to drive email monetization while enforcing the publisher's and/or advertiser's business rules. The standard functionality of an inventory toolset includes the following:

- *Enforce frequency rules:*
In order to protect the user experience, a publisher typically limits the number of emails a user can receive in a given day, week or month. These rules are a key tool to control and preserve the user experience by not over-mailing to users. The added upside to managing frequency is maximizing campaign performance for advertisers that are mailing to the inventory.
- *Provide the sales force with a view into inventory:*
Sales teams will need a view in the inventory as they discuss campaign needs with advertisers. An inventory management toolset should enable sales to obtain:
 - 1) List counts (the number of users that meet the targeting requirements of the advertiser) and
 - 2) Inventory availability (ability to determine when the inventory is available to the advertiser)
- *Enable sales to create and manage reservations on behalf of advertisers:*
Ability to reserve and book inventory once an agreement has been made with the advertiser

❖ **Key components of an inventory management toolset:**

Typically, frequency rules are automatically enforced on the backend of an inventory management tool. When inventory is not available for mailing due to frequency limits, the sales team will be unable to book reservations against that inventory. On the front-end, an inventory management toolset will enable sales to perform the following functions:

- *List Counts:*
The conversation with the advertiser typically starts around how much inventory is available that meets their campaign criteria (list counts) and the cost of that inventory which drives campaign budget. Three factors may limit the campaign size:
 - 1) budget constraints,
 - 2) inventory limitations and

- 3) operational constraints whereby the advertiser may need to limit the number of conversions (i.e. sales, sign-ups, etc.) so as to not overwhelm operational support and execution.

To support this up-front conversation with the advertiser, the inventory management toolset should enable sales to determine the following:

- The total # of users on a list that meet the advertiser's targeting requirements (i.e. men, ages 18-24).
 - The unique number of users across multiple lists that meet the advertiser's targeting requirements (also known as merge/purge). This eliminates duplicate messages being sent to a user that might be on multiple lists, and at the same time creates true audience inventory segments across multiple lists.
 - The number of users available after removing recipients of previous campaigns sent by the advertiser (also known as list suppression). This functionality is typically used if an advertiser sends a test mailing to a small number of users to test list performance or to reach users they have not reached in previous campaigns.
 - The amount of desired inventory that is currently available, or "unsold"
 - Determine when the inventory is available to send
- *Reservation Scheduling*
- Once the campaign specifics have been agreed upon, the sales team will enter the reservation details into the inventory management tool. Once the reservation has been made, the tool should prevent additional reservations that would breach frequency rules.

Standard reservation details include the following:

- Desired list(s)
- Targeting selects
- Campaign size (total number of emails to be delivered)
- Previous campaigns that should be suppressed
- Campaign delivery date
- Advertiser name
- Campaign value (flat rate, CPM on emails delivered, CPC or CPA)

❖ **Additional tool functionality around inventory management should include:**

- The ability to temporarily hold inventory which temporarily removes the inventory from rotation while awaiting advertiser approval, signed insertion orders, etc. These "holds" should be automatically removed if the campaign is not converted to "sold" within X days thereby returning the inventory into rotation.

- Ideally an inventory toolset includes productivity features to simply manage more complex reservations. These include the ability to easily accommodate bulk reservations or multiple reservations for the same advertisers. This can include multiple reservations to the same list, across different lists, etc.
- Modify existing reservations to make changes such as delivery date, campaign size, etc.
- Cancel a reservation
- Reservation search to easily find reservations (past and future) in the system.
Search by:
 - Advertiser
 - List
 - Audience segment
 - Date

Data Collection Best Practices

If you are a publisher, here are the main elements and key considerations for monetizing databases that have been accumulated online:

❖ Privacy Considerations

The following provides a general overview of privacy policies and procedures. However, this document does not provide legal advice. It is both advisable and necessary for any organization to refer to its own legal counsel and/or privacy advocate.

- The cornerstone of monetization is permission. Without the proper permission, monetization is neither desirable from a brand perspective, nor legal from a compliance perspective. Refer to the IAB Privacy Principles for further guidance:
http://www.iab.net/iab_products_and_industry_services/508676/508813/1464
- Privacy policy should be easy to find
 - Hiding the privacy policy is a 'worst-practice'. Make a link to the privacy policy easy to find – this is typically at the bottom of the home page.
- Privacy policy should be referenced in messages sent via email and anywhere where it is applicable
 - Any changes to the privacy policy are ideally communicated to the members of your list, at which time they should be offered the opportunity to opt-out from parts (or the entirety) of your program
- Privacy policy should explicitly explain everything that you plan to do with the data
 - It is important not to be obscure or general about what the privacy policy permits. Especially important for inclusion are the definitions of terms such as 'Cookie' or 'IP Address'.
- Naming specific third-parties in the privacy policy improves the experience
 - If you plan on using specific third parties to deliver or deploy your campaigns, naming them in the privacy policy is the best way to ensure that ISPs and other parties view the marketing campaigns as legitimate and sanctioned. It also serves as notice to the recipients that you will be employing these methods and increases trust through transparency.
- Always include an "effective date" at the top of your privacy policy.
 - When changes are made to your privacy policy, the "effective date" should change, and changes should only apply to registrations that have occurred on that date forward. Privacy policy changes should not be made retroactively.

- At a minimum yearly, privacy policy should be evaluated against existing practices to ensure that current practices conform to stated policy

❖ **Disclosure to registrants**

- Do not hide the intent to share data with third parties
 - To the extent that this is possible, share the name of any provider that you use for ad-serving, audience measurement, analytics and email deployment. These are legitimate third parties and their disclosure prevents problems later. To avoid problems later, keep this data up to date
- Use of a pre-checked box for consent to market offers
 - Whether or not to use a pre-checked box (permitting marketing) is an important decision for a publisher to make when designing the registration page. A pre-checked box will grow the marketing list faster than if the box is not checked. There are many who advocate against the pre-checked box, but there is no argument that a pre-checked box grows marketing lists far faster. Some believe that users who check boxes that are not pre-checked are of higher marketing value than those who are on lists with prechecked 'marketing' boxes. While, there is no right answer for every publisher, the value of 'affirmative consent' may be higher than the 'opt-out' nature of the pre-check box. Publishers who choose to pre-check a marketing box at registration should be clear about the purpose of the precheck and offer a link to the privacy policy in proximity to the box.
- Disclose in emails sent what list/how they signed up
 - Consumers receive many informational and marketing messages in their inbox today. They often forget where and why they signed up, especially when the sender is a non-recognized, non-consumer oriented brand. Reminding the recipient where they signed up (and why in some cases) may reduce complaints and unsubscriptions. Providing a link back to the registration site so that a user can modify their registrations provides further comfort for users who may want to calibrate or confirm, but not cancel their messaging from a publisher or retailer.

❖ **What type of data should publishers capture and why?**

- Full name and Postal with email address
 - Full postal record with email address is the minimum for effective relationship development. This data can be verified using third party data services. It can also be used for multi-channel campaigns and geo-targeting of all types (on and offline) offers.
- Extensive capture of data past name/postal/email risks reduces signups
 - It is indisputable: the more information you request and require, the fewer signups you will receive. However, more data points enables greater targeting (i.e. the ability to segment your list based on age, gender, etc) as does more accurate data.
- Rather than asking for all information up front, gather more data iteratively
 - The best data is often not self-reported. After all, once you have email and postal data, it is possible to append other data elements onto the record. In addition to appended elements, the pages on your site that the registrant visits may indicate preferences that would be difficult to capture in a registration.
- Time and date stamp is critical, and source URL for registration page
 - For the purposes of long-term record keeping, such as which privacy policy the registrant agreed to, the time/date that they signed up, and the URL of the privacy policy is very helpful. Additionally, the registrant's IP address at time of signup is useful.

❖ **What data/reports should publishers expect from their list manager?**

- Reporting on how many names received
 - Publishers who have a list managed by a 3rd party provider should have access to reporting on a daily, weekly or at a minimum monthly basis. The report should detail out the number of total names on the list, new to file, unsubscribes and bounces.
- Monthly revenue report
 - Report with gross and net amounts of revenue generated by the list
- Not much more
 - List managers are not likely to share what ads, or other info like metrics with you. Do not expect to receive detail on which users clicked on which ads that they placed. This is secret sauce. Of course if you are mailing your own ads to your own data, you should expect this information. Most publishers using a third party service to mail their data will not be running 100% of their own ads against it.

❖ **How do list managers monetize publishers' databases?**

- Sending Ads to the subscribers
 - List managers send email to the subscribers to the list and insert advertising creative into the emails on either a CPA or CPM basis. CPC and CPL models are also used, but CPA and CPM deals predominate. The list manager typically splits the bounty – the amount that the advertiser pays for the action – with the publisher.
- Online verification
 - There are many services that use data to verify identities. Fresh data that can be verified with a third party service provides a strong foundation for identity verification. This is often used by credit rating and other agencies.
- Offline leads
 - Email data that includes postal may be used for offline campaigns that are sent through the mail. These campaigns are often very effective, especially when the data comes from a category vertical site.
- Data append and augmentation
 - For information on Data Append best practices, refer to IAB Email Data Management Best Practices:
http://www.iab.net/iab_products_and_industry_services/508676/508905/emaildata

❖ **How to maximize the value of your subscriber file?**

The best way to maximize the value of your subscriber file is to limit its use:

- Work with one single list manager
 - Doing so will help you isolate any anomalies and test tactics. Using more than one list manager increases the chance that your data will receive too much marketing traffic. One good list manager may be able to do a better job than three average managers.
- Market in a list-centric fashion
 - If you collect your data from an interest category site, send relevant informational material, not just advertisements, to those subscribers. Consumers, as shopping-happy as they might seem, cannot consume 24 hours a day. They may tire of relentless marketing pitches, especially pitches that do not conform to their expectations. Interspersing non-ad content into those message streams will give them a break, and they may not opt-out so quickly.

❖ **Provide subscribers with consumer value**

- Since they are signing up, give them something of value in return. If they signed up on an Astrology site, don't forget to send them a daily horoscope. If they signed up for an automotive site, don't forget some pictures of cars or content fetched from a car site.
- Measure subscribers' past behavior – what kinds of ads they have responded to in the past – to inform which ads you send to them in the future.

❖ **Questions to ask your list management provider**

- How do you manage frequency?
- How many times will you send ads to my list?
- Do you send any non-advertising content?
- What is the rev-share arrangement?
- Who will the messages be 'from'?
- How do you match ad content to subscribers?
- Do you append any elements to my data?
- Do you rent out the lists to other providers? (answer should be no)

❖ **How feeds work**

A feed is a method of transporting data from your signup page to the list provider

- Typically this is accomplished via API (application programming interface) or FTP (file transfer protocol). These are both secure methods. You should choose the method that makes most sense for you and your provider AND that is the fastest.

❖ **The importance of fresh data**

Often when someone is signing up on your site they are signing up on others

- Getting their data into the list management system as fast as possible is best practice. This way, the list manager can send a relevant ad shortly after signup. Less latency in this process typically means greater success in monetizing the data.
- A "live-feed" is recommended to ensure a streamlined and real-time transfer of fresh data.